

AUSTRALIA'S LONG - TERM UNEMPLOYED

A STATISTICAL PROFILE

AUSTRALIA'S LONG-TERM UNEMPLOYED
A STATISTICAL PROFILE

IAN CASTLES
Australian Statistician

© Commonwealth of Australia 1994
ISBN 0 642 18397 X

This work is copyright. Apart from any use as permitted under the *Copyright Act 1968*, no part may be reproduced by any process without prior written permission from the Australian Government Publishing Service. Requests and inquiries concerning reproduction rights should be directed to the Manager, Commonwealth Information Services, Australian Government Publishing Service, GPO Box 84, Canberra ACT 2601.

Produced by the Australian Government Publishing Service

PREFACE

The problem of long-term unemployment has become a prominent feature of the Australian labour market, with significant economic and social consequences.

The statistical information and commentary in this publication has been brought together to contribute to informed public debate on the issue of long-term unemployment in Australia.

The publication uses published and unpublished ABS data, principally from the monthly Labour Force Survey, to provide a comprehensive statistical profile of the long-term unemployed.

This publication has been prepared in the Labour Statistics Analysis Unit of the Australian Bureau of Statistics. The unit was established in mid-1993 to undertake research and analysis in areas of key interest in the field of labour statistics.

Members of the Labour Statistics Analysis Unit involved in the preparation of *Australia's Long-term Unemployed: A Statistical Profile* were Garth Bode, Judy Harwood, Louise May, John Preston, Alan Sharp and Jane Wallwork.

IAN CASTLES
Australian Statistician

Australian Bureau of Statistics
Canberra ACT
February 1994

CONTENTS

<i>Chapter</i>	<i>Page</i>
.. Preface	iii
.. List of tables and figures	vi
1. Introduction	1
2. Long-term unemployment 1973 to 1993	3
3. Profile of the long-term unemployed	9
3.1 Age and sex composition	10
3.2 Geographic distribution	16
3.3 Birthplace	22
3.4 Educational attainment	28
3.5 Family structure	34
3.6 Industry and occupation	40
4. The dynamics of long-term unemployment	45
5. International comparisons	53
.. Technical notes	57
.. Glossary	59
.. Bibliography	65

INQUIRIES

- *for more information about statistics in this publication, contact John Preston on Canberra (06) 252 6325.*
 - *for information about other ABS statistics and services please refer to the back page of this publication.*
-

LIST OF TABLES AND FIGURES

<i>Table</i>		<i>Page</i>
2.1	Employed, unemployed and long-term unemployed persons, August 1973 to August 1993	4
2.2	Inflows to and outflows from long-term unemployment, Twelve months to August, August 1982 to August 1993	7
3.1.1	Unemployed and long-term unemployed persons: Age and sex, August 1993	11
3.1.2	Average duration of unemployment and long-term unemployment: Age and sex, August 1993	14
3.2.1	Unemployed and long-term unemployed persons: States and Territories, August 1993	17
3.2.2	Long-term unemployment rate: Regions, August 1993	19
3.3.1	Unemployed and long-term unemployed persons: Birthplace, August 1993	23
3.3.2	Unemployed and long-term unemployed migrants: Birthplace and period of arrival, August 1993	25
3.3.3	Long-term unemployed persons: Birthplace and educational attainment, February 1993	26
3.4.1	Unemployed and long-term unemployed persons aged 15 to 69: Educational attainment and sex, February 1993	29
3.4.2	Percentage of the labour force and long-term unemployed with post-school qualifications: Sex, February 1984 to February 1993	30
3.4.3	Age decomposition of incidence of long-term unemployment: Educational attainment and sex, February 1993	32
3.5.1	Unemployed and long-term unemployed persons: Family status and sex, August 1993	35
3.5.2	Unemployed and long-term unemployed female sole parents and wives with dependants: Whether dependants aged 0-4 years present, June 1993	37
3.5.3	Married couple families: Labour force status of husband and wife, June 1993	37
3.5.4	Married couple families: Long-term unemployment rate and incidence, husband and wife, June 1993	38

LIST OF TABLES AND FIGURES - *Continued*

<i>Table</i>		<i>Page</i>
3.5.5	Unemployed and long-term unemployed husbands and wives with dependants: Whether dependants aged 0-4 years present, June 1993	39
3.6.1	Number of retrenchments and retrenchment rate: Industry and occupation of last job, Year ended February 1989 to year ended February 1992	41
3.6.2	Unemployed and long-term unemployed persons: Preferred occupation, July 1992	44
5.1	Unemployment and long-term unemployment rates: Selected OECD countries, 1979 and 1991	54
 <i>Figure</i>		
2.1	Unemployed and long-term unemployed persons, August 1973 -to August 1993	3
2.2	Annual percentage change in number of unemployed persons, August 1974 to August 1993	5
2.3	Index of employed persons: Monthly trend series, February 1978 to October 1993	6
2.4	Unemployment and long-term unemployment rates: Monthly trend series, February 1978 to October 1993	7
2.5	Index of employed persons before and after the troughs of the 1982-83 and 1990-91 recessions: Monthly trend series	8
3.1.1	Unemployment and long-term unemployment rates: Sex, August 1982 to August 1993	10
3.1.2	Long-term unemployed persons: Age distribution by sex, August 1993	12
3.1.3	Long-term unemployment rate: Age and sex, August 1993	13
3.1.4	Incidence of long-term unemployment: Age and sex, August 1993	13
3.2.1	Long-term unemployment rate: States (capital city/balance of State), August 1993	16
3.2.2	Percentage change, August 1989 to August 1993, in employment and long-term unemployment: States and Territories,	18

LIST OF TABLES AND FIGURES - *Continued*

<i>Figure</i>		<i>Page</i>
3.2.3	Long-term unemployment rate: Regions (map), August 1993	20
3.3.1	Long-term unemployment rate: Birthplace and sex, August 1993	22
3.3.2	Long-term unemployment rate: Birthplace, August 1984 to August 1993	24
3.3.3	Long-term unemployment rate: Birthplace and period of arrival, August 1993	25
3.3.4	Unemployed persons: Age distribution by birthplace, August 1993	27
3.4.1	Long-term unemployed persons aged 15 to 69: Educational attainment, February 1984 to February 1993	28
3.4.2	Incidence of long-term unemployment: Educational attainment and whether attended an educational institution last year, February 1993	31
3.5.1	Long-term unemployed persons: Family status, August 1986 to August 1993	34
3.5.2	Unemployed sole parents: Age distribution by marital status, August 1993	36
3.6.1	Persons who ceased a job in the year ended February 1992: Reason for ceasing last job and labour force status, February 1992	40
3.6.2	Persons who were retrenched during the year ended February 1992: Industry of last job and labour force status, February 1992	42
3.6.3	Persons who were retrenched during the year ended February 1992: Occupation of last job and labour force status, February 1992	43
4.1	Monthly inflows to unemployment: Sex, Annual average, Year ended June 1979 to year ended June 1993	45
4.2	Monthly outflows from unemployment: Sex, Annual average, Year ended June 1979 to year ended June 1993	46
4.3	Unemployment rate and incidence of long-term unemployment: Annual average, Year ended June 1981 to year ended June 1993	47

LIST OF TABLES AND FIGURES - *Continued*

<i>Figure</i>		<i>Page</i>
4.4	Percentage of unemployed persons gaining employment between successive months: Duration of unemployment, Annual average, Year ended June 1993	49
4.5	Percentage of unemployed males gaining employment between successive months: Duration of unemployment and age, Annual average, Year ended June 1993	50
4.6	Percentage of unemployed females gaining employment between successive months: Duration of unemployment and age, Annual average, Year ended June 1993	50
4.7	Percentage of unemployed persons gaining employment between successive months: Duration of unemployment and birthplace, Annual average, Year ended June 1993	51
4.8	Percentage of unemployed persons gaining employment between successive months: Duration of unemployment and -educational attainment, February 1993 to March 1993	52
5.1	Long-term unemployment rate: Selected OECD countries, 1991	53
5.2	Unemployment rate and incidence of long-term unemployment: Selected OECD countries, 1991	55

1. INTRODUCTION

The last two decades have seen the emergence and growth of long-term unemployment as a persistent labour market phenomenon. Growth in long-term unemployment means that an increasing number of Australians are directly affected by long-term unemployment or are members of households with one or more long-term unemployed.

The economic and social consequences associated with continuing high levels of long-term unemployment are significant.

At the macroeconomic level, it has been argued that continuing high levels of unemployment make macroeconomic management more difficult, making it less likely for the economy to deliver low levels of inflation and unemployment in the future. This arises essentially because a growing proportion of the unemployment pool becomes less relevant to employers, and unemployment becomes persistent (Chapman 1993).

The continued existence of long-term unemployment and the difficulty experienced by the long-term unemployed in obtaining employment has been referred to as "the long-term unemployment trap". The lower escape rate from unemployment of the long-term unemployed can result from a loss of skills and on the job training, a reduced intensity of job search, and a reluctance of employers to hire the long-term unemployed.

For an individual, the personal and social costs of long-term unemployment are significant. They arise because of the centrality of work to people's lives. Employment is the main source of income and thus of material welfare for most people. In addition, employment provides a sense of identity, participation and order to daily life (McClelland 1993).

Further, the burden of long-term unemployment is not evenly distributed throughout the community and can profoundly entrench labour market inequalities (Cass 1988, Junankar and Kapuscinski 1992, McClelland 1993).

In preparing this publication, the Australian Bureau of Statistics (ABS) has sought to provide a comprehensive statistical profile of the long-term unemployed. The publication has utilised published and unpublished ABS data, principally from the monthly ABS Labour Force Survey and associated supplementary surveys.

Chapter 2 looks at the emergence and growth of long-term unemployment during the period 1973 to 1993. Chapter 3 provides a detailed profile of the long-term unemployed. The dynamics of long-term unemployment are considered in Chapter 4. Some international comparisons are presented in Chapter 5.

Measurement of Unemployment

The Australian Bureau of Statistics (ABS) conducts a monthly population survey which provides official estimates of unemployment and is the major source of statistics presented in this publication.

In line with the recommendations of the International Labour Organisation, the ABS classifies a person as unemployed where they are;

- without work during the reference week;
- currently available for work; and
- actively looking for work.

A person is defined as long-term unemployed where they have been unemployed for 52 weeks or more. Current duration of unemployment is the period from the time a person began looking for work or was laid off to the end of the reference week. Thus the survey measures unemployment duration based on current (and continuing) periods of unemployment rather than completed spells.

The definition of unemployment adopted by the ABS does not necessarily correspond to joblessness. Persons who were without work during the reference week and wanted to work, but did not satisfy the other conditions relating to unemployment, form part of a group of persons not in the labour force who are described as marginally attached to the labour force. This group includes discouraged job seekers. While those marginally attached to the labour force do not satisfy the official criteria to be classified as unemployed, they are experiencing joblessness. As a result, official estimates of long-term unemployment may understate the severity of the problem of persons experiencing prolonged periods without employment.

The following summary measures are used in this publication:

Unemployment rate:

For any group, the number of unemployed persons expressed as a percentage of the labour force in the same group.

Long-term unemployment rate:

For any group, the number of long-term unemployed persons expressed as a percentage of the labour force in the same group.

Incidence of long-term unemployment:

For any group, the proportion of unemployed persons who are long-term unemployed. This term is used by the OECD in *Employment Outlook*.

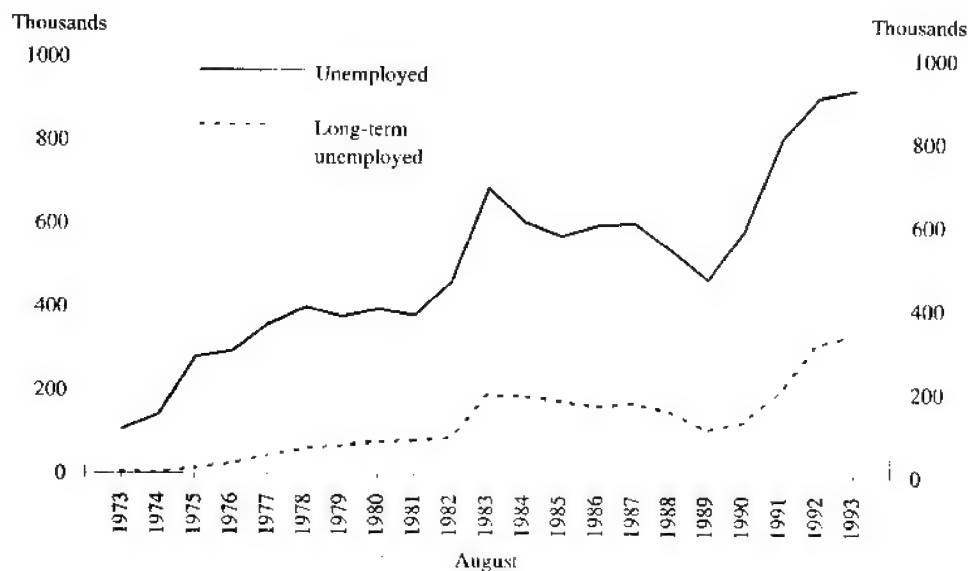
2. LONG-TERM UNEMPLOYMENT 1973 TO 1993

Long-term unemployment in Australia reached an unprecedented peak of 370,900 persons in March 1993, representing 37.5% of the unemployed, and 4.3% of the labour force. In December 1993, the number of long-term unemployed was 344,300 persons. The previous peak of 230,600 persons (31.3% of total unemployment) occurred in February 1984.

While the 1990-91 recession saw a dramatic increase in the number of long-term unemployed (long-term unemployment more than trebled between August 1989 and August 1993), the emergence and growth of long-term unemployment was evident in the period 1975 to 1981. Long-term unemployment also rose sharply during the recession of 1982-83.

Strong employment growth between 1983 and 1990 initially failed to make significant inroads into the number of long-term unemployed. A large proportion of the employment growth went to new entrants and re-entrants to the labour force, especially women. It was only in the late 1980s, under the pressure of very strong employment growth, that the number of long-term unemployed decreased substantially. This fall in long-term unemployment was interrupted by the onset of the 1990-91 recession.

FIGURE 2.1. UNEMPLOYED AND LONG-TERM UNEMPLOYED PERSONS



Source: Labour Force Survey

Unemployment growth 1973 to 1978

The period from 1973 to 1978 was one of rapid and sustained unemployment growth. Between August 1973 and August 1978 unemployment rose from 105,700 to 398,300. The unemployment rate in this period rose from 1.8% to 6.2%, after averaging less than two per cent over the period 1966 to 1972.

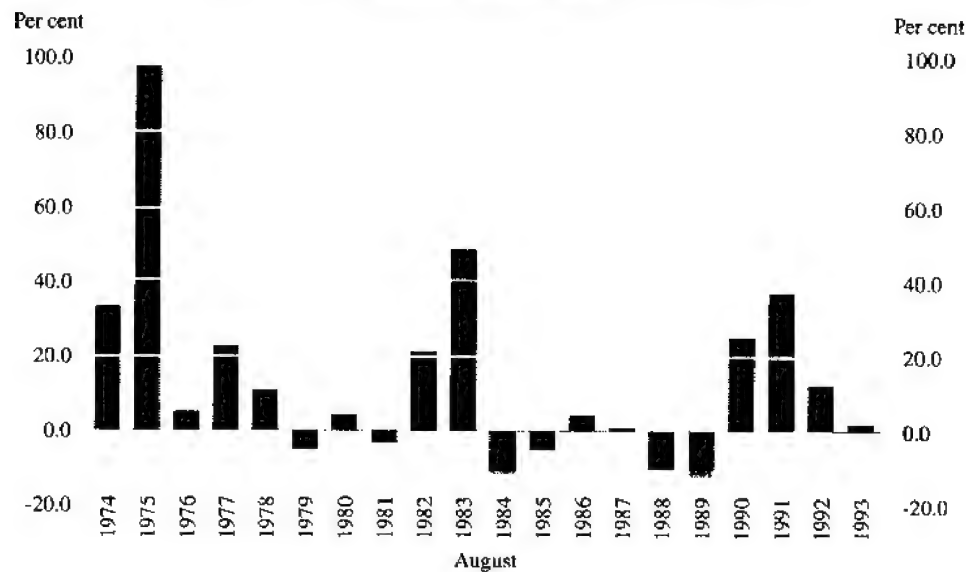
TABLE 2.1. EMPLOYED, UNEMPLOYED AND LONG-TERM UNEMPLOYED PERSONS,
AUGUST 1973 TO AUGUST 1993

<i>August</i>	<i>Employed</i>	<i>Unemployed</i> <i>- '000 -</i>	<i>Long-term</i> <i>unemployed</i>	<i>Unemployment</i> <i>rate</i>	<i>Long-term</i> <i>unemployment</i> <i>rate</i> <i>- per cent -</i>	<i>Long-term</i> <i>unemployment</i> <i>incidence(a)</i>
1973	5,780.8	105.7	3.8	1.8	0.1	3.6
1974	5,855.2	140.9	1.9	2.4	0.0	1.3
1975	5,841.3	278.4	12.4	4.5	0.2	4.5
1976	5,897.8	292.7	24.9	4.7	0.4	8.5
1977	5,995.4	359.3	45.0	5.7	0.7	12.5
1978	6,005.4	398.3	61.6	6.2	1.0	15.5
1979	6,078.5	377.5	68.2	5.8	1.1	18.1
1980	6,281.4	394.5	78.3	5.9	1.2	19.9
1981	6,393.7	380.6	79.9	5.6	1.2	21.0
1982	6,379.3	461.4	87.7	6.7	1.3	19.0
1983	6,241.1	686.8	188.7	9.9	2.7	27.5
1984	6,466.1	604.0	188.6	8.5	2.7	31.2
1985	6,675.6	572.7	177.1	7.9	2.4	30.9
1986	6,918.6	597.6	163.8	8.0	2.2	27.4
1987	7,092.3	602.0	172.0	7.8	2.2	28.6
1988	7,353.4	538.7	152.9	6.8	1.9	28.4
1989	7,727.6	469.4	108.2	5.7	1.3	23.0
1990	7,825.0	587.4	127.0	7.0	1.5	21.6
1991	7,669.2	806.0	201.0	9.5	2.4	24.9
1992	7,679.3	906.4	313.2	10.6	3.6	34.6
1993	7,684.9	924.1	337.7	10.7	3.9	36.5

(a) The proportion of unemployed persons who are long-term unemployed.

Source: Labour Force Survey

FIGURE 2.2. ANNUAL PERCENTAGE CHANGE IN NUMBER OF UNEMPLOYED PERSONS



Source: Labour Force Survey

Long-term unemployment 1973 to 1983

The prolonged unemployment growth over the period 1973 to 1978 saw long-term unemployment emerge as a new and permanent feature of the Australian labour market. Between August 1973 and August 1981, the number of long-term unemployed rose from 3,800 to 79,900. The long-term unemployment rate increased from 0.1% to 1.2%, and the incidence of long-term unemployment (number of long-term unemployed as a proportion of all unemployed) increased from 3.6% to 21.0%.

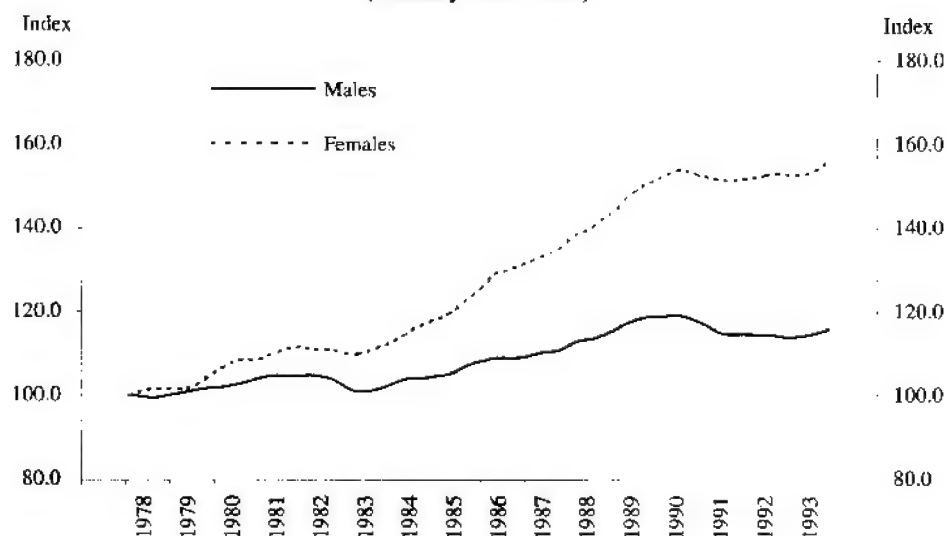
The severe labour market downturn of 1982-83 worsened the unemployment situation. Between August 1981 and August 1983, unemployment rose from 380,600 to 686,800, and the unemployment rate increased from 5.6% to 9.9%.

Initially, the incidence of long-term unemployment fell as rising inflows to unemployment increased the proportion of short-term unemployed. However, by August 1983, the incidence of long-term unemployment had risen to 27.5% as previous new inflows moved into long-term unemployment, and the inflow rate to unemployment slowed. Between August 1982 and August 1983, the number of long-term unemployed more than doubled from 87,700 to 188,700.

Employment growth 1983 to 1990

The economic recovery in the second half of 1983 was the beginning of a long period of strong employment growth. Employment grew by almost 1.6 million between August 1983 and August 1990, representing an average annual growth rate of 3.3%. In spite of this strong employment growth, long-term unemployment, and to a lesser extent total unemployment, continued at high levels until 1988. Between August 1983 and August 1988, employment grew by 1.1 million, yet the number of long-term unemployed fell by only 35,800 to 152,900.

FIGURE 2.3. INDEX OF EMPLOYED PERSONS:
MONTHLY TREND SERIES
(February 1978 = 100.0)



Source: Labour Force Survey

Older females benefited most from the strong employment growth, with the number of employed females aged 35 to 44 increasing by 340,100 (62.7%) between August 1983 and August 1990. They gained 21.5% of the employment growth in that period, increasing their labour force participation rate from 58.0% to 72.1%.

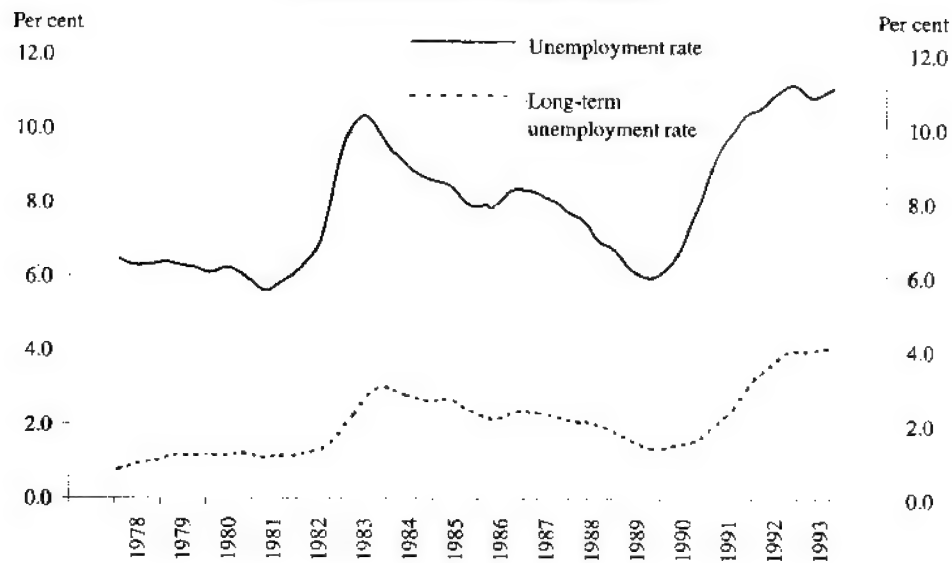
Females with previous work experience re-entered the labour force in large numbers during the employment growth years 1984 to 1990. In the year to May 1987, 130,800 females with previous work experience, and who had been out of the labour force for at least 12 months, re-entered the labour force, and were still in the labour force in May 1987. Of these, 95,400 (72.9%) were employed in May 1987; 101,900 (77.9%) were aged 25-44; 87,300 (66.7%) were married and had dependent children; 84,600 (64.7%) were without post-school qualifications; and 73,000 (55.8%) had been previously employed as clerks, salespersons or personal service workers.

The strong growth in female labour force participation was a contributing factor to the persistence of high levels of long-term unemployment until the late 1980s. Another contributing factor was the economic slowdown in 1986 which reversed the downward trend in the unemployment rate (Figure 2.4).

Reduction in unemployment rate

Very high employment growth during 1988 and 1989 finally succeeded in reducing the unemployment rate and the long-term unemployment rate to levels close to those that prevailed before the 1982-83 recession (Figure 2.4). The employment growth rate of 5.1% between August 1988 and August 1989 was the highest August to August figure recorded since the commencement of national labour force surveys in 1964.

FIGURE 2.4. UNEMPLOYMENT AND LONG-TERM UNEMPLOYMENT RATES: MONTHLY TREND SERIES



Source: Labour Force Survey

The inflow rate to long-term unemployment (inflows to long-term unemployment as a proportion of the previous year's short-term unemployed) dropped from 17.6% in August 1987 to 11.1% in August 1989. Over the same period, the outflow rate from long-term unemployment (outflows from long-term unemployment as a proportion of the previous year's long-term unemployed) increased from 41.6% to 57.4%.

TABLE 2.2. INFLOWS TO AND OUTFLOWS FROM LONG-TERM UNEMPLOYMENT, TWELVE MONTHS TO AUGUST ('000)

<i>August</i>	<i>Short-term unemployed</i>	<i>Long-term unemployed</i>	<i>Inflows to LTU(a)</i>	<i>Outflows from LTU(b)</i>
1982	373.6	87.7	44.3	36.5
1983	498.1	188.7	104.5	3.5
1984	415.5	188.6	96.2	96.3
1985	395.6	177.1	72.0	83.5
1986	433.8	163.8	67.7	81.0
1987	430.0	172.0	76.3	68.1
1988	385.8	152.9	63.3	82.4
1989	361.2	108.2	43.0	87.7
1990	460.4	127.0	56.8	38.0
1991	605.0	201.0	118.8	44.8
1992	593.2	313.2	177.9	65.7
1993	586.4	337.7	157.5	133.0

(a) Estimated number of persons who were short-term unemployed in August of the previous year and were still unemployed (and hence long-term unemployed) in August of the current year.

(b) Estimated number of persons who were long-term unemployed in August of the previous year and were no longer long-term unemployed in August of the current year.

Source: Labour Force Survey

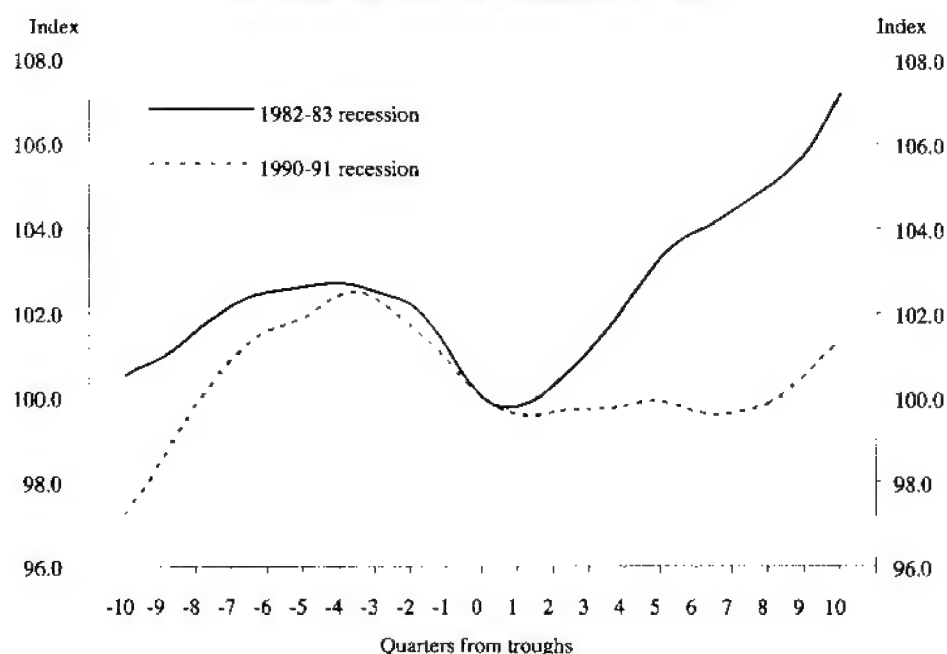
1990-91 recession

In 1990, unemployment began to rise again as employment growth slowed. Unemployment continued to rise throughout 1991 and 1992, before trending downwards in late 1992. (In unadjusted terms, unemployment peaked at 1,052,800 in February 1993.)

Between August 1989 and August 1993, the number of long-term unemployed more than trebled from 108,200 to 337,700. Long-term unemployment peaked in March 1993 at 370,900, representing 4.3% of the labour force and 37.5% of all unemployed.

In contrast to the rapid recovery after the 1982-83 recession, employment remained virtually unchanged over the two years following the trough of the 1990-91 recession. The lack of employment growth in this period was in spite of a 4.9% increase in trend constant price GDP(A).

FIGURE 2.5. INDEX OF EMPLOYED PERSONS BEFORE AND AFTER THE TROUGHS^(a) OF THE 1982-83 AND 1990-91 RECESSIONS: MONTHLY TREND SERIES
(March quarter 1983 and June quarter 1991 = 100.0)



(a) Troughs are March quarter 1983 and June quarter 1991, based on trend constant price GDP(A).

Source: Labour Force Survey

3. PROFILE OF THE LONG-TERM UNEMPLOYED

In December 1993, there were 344,300 persons in Australia who were long-term unemployed. This chapter aims to provide a comprehensive statistical profile of the long-term unemployed.

The long-term unemployed are described in terms of their demographic and other characteristics. These characteristics include:

- age and sex;
- geographic location;
- birthplace and period of arrival;
- educational attainment;
- family structure;
- industry and occupation.

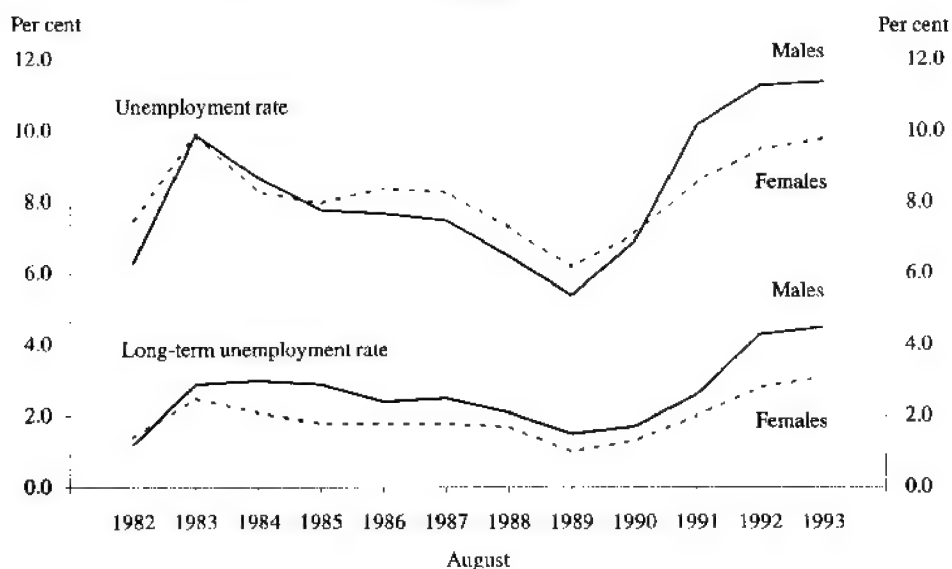
Individuals are characterised by a diversity of demographic and other characteristics and these will influence their labour force experiences. The analysis presented below describes the long-term unemployed in terms of single characteristics with basic cross-classifications. No causal relationships between particular characteristics and long-term unemployment are implied.

3.1 AGE AND SEX COMPOSITION

The labour market experiences of individuals vary considerably with age and sex. Social and economic pressures can affect the labour force experience of males and females in different ways. For example, job mobility, employment opportunities and incentives to find employment can all be influenced by age and sex.

In August 1993, 66.7% of the long-term unemployed were male, in comparison to their labour force share of 58.1%. Males had both a higher long-term unemployment rate (4.5%) and incidence of long-term unemployment (39.4%) than females (3.1% and 31.9% respectively).

FIGURE 3.1.1. UNEMPLOYMENT AND LONG-TERM UNEMPLOYMENT RATES



Source: Labour Force Australia

Unemployment trends 1982 to 1993

During the period August 1982 to August 1993, male unemployment and long-term unemployment appeared to be more sensitive to fluctuations in the business cycle than female unemployment and long-term unemployment. In particular, there were larger decreases in the unemployment rate for males during the period of economic and employment growth between August 1985 and August 1990, and larger increases immediately following the 1990-91 recession.

Since August 1983, the long-term unemployment rate has been higher for males than for females. The difference in long-term unemployment rates for males and females increased in the two years following the 1982-83 recession, and again in the two years following the 1990-91 recession, suggesting that during periods of recession females are less likely than males to experience long-term unemployment. Females are also more likely than males to leave the labour force if experiencing unemployment. As a result, the number of females entering long-term unemployment, relative to the number entering unemployment, is generally lower than for males.

**TABLE 3.1.1. UNEMPLOYED AND LONG-TERM UNEMPLOYED PERSONS:
AGE, AUGUST 1993**

<i>Age Group</i>	<i>Unemployed - '000 -</i>	<i>Long-term unemployed</i>	<i>Unemployment rate</i>	<i>Long-term unemployment rate</i>	<i>Long-term unemployment incidence(a)</i>	<i>Participation rate</i>
MALES						
15-19	83.1	14.6	24.0	4.2	17.5	52.7
20-24	114.6	40.2	18.2	6.4	35.1	85.9
25-29	81.0	29.6	12.7	4.6	36.5	93.7
30-34	63.8	25.3	9.4	3.7	39.7	93.3
35-39	56.4	21.9	8.8	3.4	38.7	93.5
40-44	42.2	18.1	6.9	3.0	42.9	93.0
45-49	39.6	21.7	7.2	3.9	54.7	90.4
50-54	29.0	16.7	7.3	4.2	57.4	85.7
55-59	32.9	19.9	12.1	7.3	60.4	70.2
60+	28.4	17.3	11.9	7.2	60.9	19.2
<i>Total</i>	<i>571.1</i>	<i>225.2</i>	<i>11.4</i>	<i>4.5</i>	<i>39.4</i>	<i>73.0</i>
FEMALES						
15-19	69.5	11.5	22.1	3.7	16.6	50.1
20-24	73.6	28.2	13.7	5.2	38.3	75.2
25-29	46.5	11.5	10.0	2.5	24.8	68.3
30-34	37.9	12.8	8.3	2.8	33.7	62.7
35-39	43.3	11.3	9.2	2.4	26.2	68.3
40-44	28.4	13.4	6.0	2.8	47.1	72.1
45-49	26.4	12.1	6.4	3.0	45.8	70.3
50-54	17.0	7.2	6.5	2.8	42.4	58.9
55-59	9.0	3.9	6.5	2.9	43.8	36.5
60+	1.5	0.6	1.9	0.8	41.7	5.2
<i>Total</i>	<i>353.0</i>	<i>112.5</i>	<i>9.8</i>	<i>3.1</i>	<i>31.9</i>	<i>51.2</i>
PERSONS						
15-19	152.6	26.1	23.1	3.9	17.1	51.4
20-24	188.1	68.4	16.1	5.9	36.3	80.6
25-29	127.5	41.1	11.6	3.7	32.2	81.0
30-34	101.7	38.1	8.9	3.3	37.5	78.0
35-39	99.7	33.2	9.0	3.0	33.3	80.8
40-44	70.6	31.5	6.5	2.9	44.6	82.6
45-49	66.0	33.7	6.9	3.5	51.2	80.6
50-54	46.0	23.9	7.0	3.6	51.9	72.6
55-59	41.9	23.8	10.2	5.8	56.8	53.6
60+	30.0	18.0	9.3	5.6	59.9	11.5
<i>Total</i>	<i>924.1</i>	<i>337.7</i>	<i>10.7</i>	<i>3.9</i>	<i>36.5</i>	<i>62.0</i>

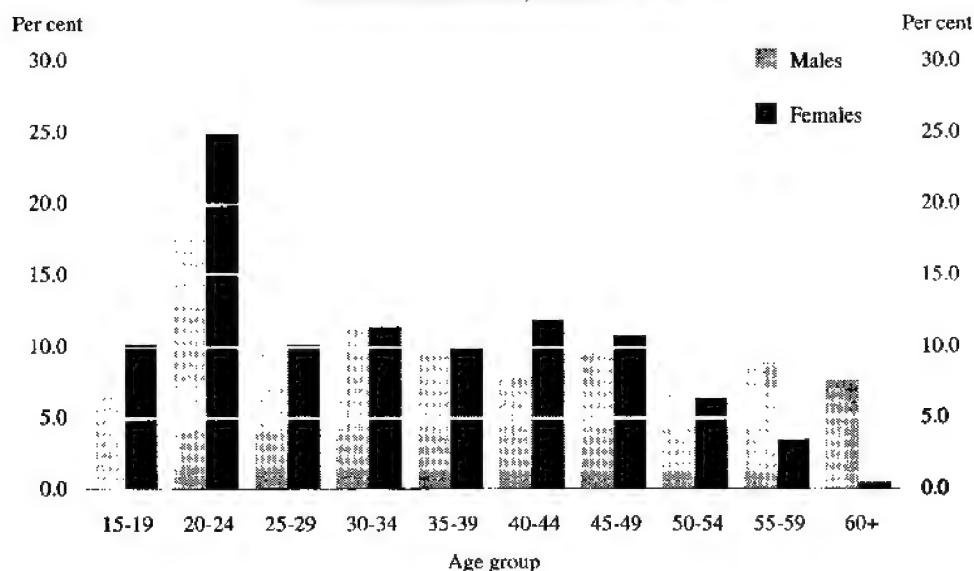
(a) The proportion of unemployed persons who are long-term unemployed.

Source: Labour Force Survey

Age and sex distribution

In August 1993, females aged 15 to 24 years comprised 35.3% of all long-term unemployed females, compared to their labour force share of 23.6%. Younger males were also over-represented in long-term unemployment, although not as significantly as younger females. Males aged 15 to 24 years accounted for 24.3% of all long-term unemployed males, compared to their labour force share of 19.5%.

FIGURE 3.1.2. LONG-TERM UNEMPLOYED PERSONS:
AGE DISTRIBUTION, AUGUST 1993



Source: Labour Force Survey

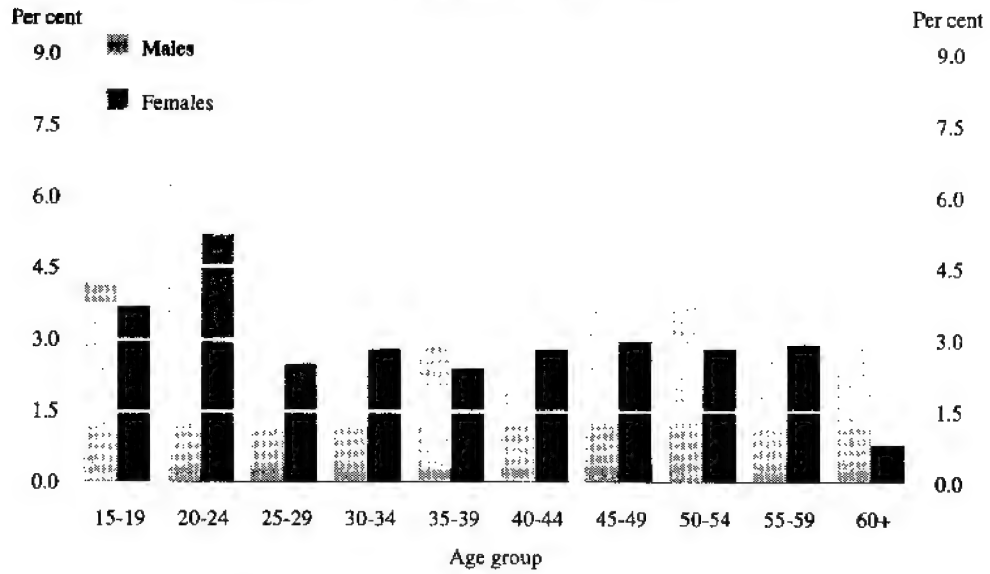
A major difference in the age distribution of males and females is the over-representation of older males in long-term unemployment. Males aged 55 years and over accounted for 16.5% of all long-term unemployed males, compared to their labour force share of 10.2%.

Long-term unemployment rates

In each age group, the long-term unemployment rate for males was higher than for females in August 1993 (*Figure 3.1.3*). There was considerable variation in the long-term unemployment rates across age groups for males, with higher rates for younger males and older males. In contrast, the long-term unemployment rate for females was higher for the young, but was relatively stable for those aged 25 years and over, the exception being females aged 60 years and over, whose long-term unemployment rate was very low. Participation rates for older females were considerably lower than for older males, particularly in the 60 years and over age group.

The difference between the long-term unemployment rates for males and females was smallest for persons aged 15 to 19 years and 40 to 44 years. In contrast, the long-term unemployment rate for males aged 55 years and over was considerably higher than for females of the same age, which reflects the low participation rate of older females.

**FIGURE 3.1.3. LONG-TERM UNEMPLOYMENT RATE:
AGE, AUGUST 1993**

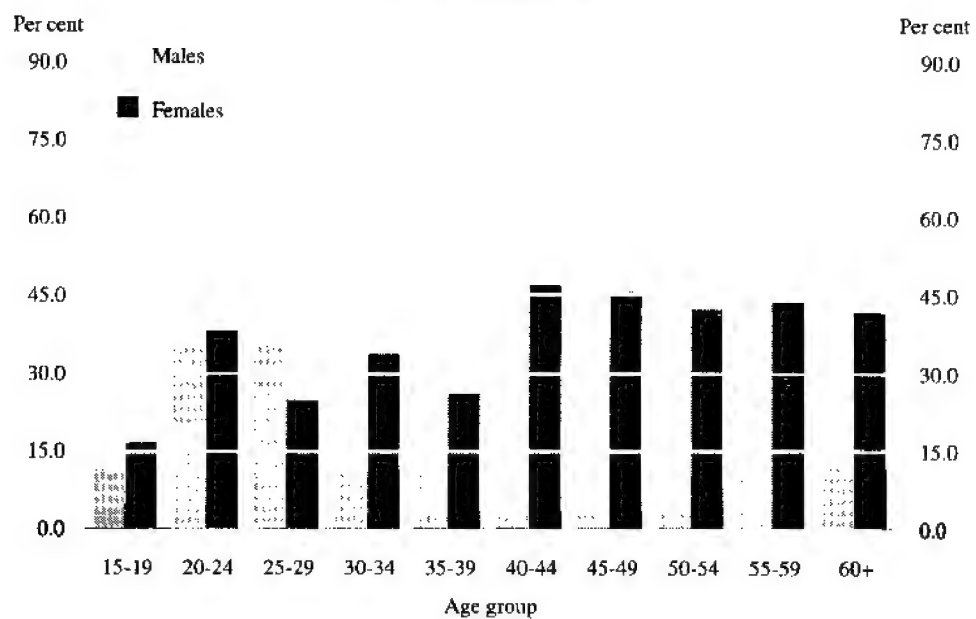


Source: Labour Force Survey

Incidence of long-term unemployment

For males, the incidence of long-term unemployment increased markedly with age. Although the incidence of long-term unemployment was also highest for older females, the level peaked for females aged 40 to 44 years and then tended to decrease slightly with age, in line with decreasing participation rates.

**FIGURE 3.1.4. INCIDENCE OF LONG-TERM UNEMPLOYMENT(a):
AGE, AUGUST 1993**



(a) The proportion of unemployed persons who are long-term unemployed.

Source: Labour Force Survey

The higher incidence of long-term unemployment observed for older males probably reflects their relatively strong labour force attachment combined with a possible skills mismatch and the diminishing number of employment opportunities available to older males. As a result, once they become unemployed, the likelihood of becoming long-term unemployed is substantial.

The incidence of long-term unemployment was lowest for people aged 15 to 19 years, for both males and females. The low incidence of long-term unemployment for males and females of this age reflects the large inflow of recent school leavers into short-term unemployment. However, long-term unemployment rates were relatively high for both males and females in this age group, due to their high unemployment rate.

Duration of unemployment

A further indication of the impact of long-term unemployment is given by the average duration of unemployment. The long-term unemployment rate and incidence of long-term unemployment measure the proportion of people affected by long-term unemployment in the labour force and unemployment respectively. However, the average duration of unemployment measures the average length of the current spell of unemployment for all unemployed persons within a particular group.

TABLE 3.1.2. AVERAGE DURATION OF UNEMPLOYMENT AND LONG-TERM UNEMPLOYMENT: AGE, AUGUST 1993
(weeks)

Age group	Unemployed			Long-term unemployed		
	Males	Females	Persons	Males	Females	Persons
15-19	27.6	28.1	27.9	77.2	85.9	81.1
20-24	47.9	52.2	49.6	106.9	110.8	108.5
25-29	52.6	44.1	49.5	115.7	125.5	118.5
30-34	62.1	53.5	58.9	128.0	131.7	129.3
35-39	60.0	44.9	53.5	127.2	127.2	127.2
40-44	70.4	73.5	71.6	139.8	138.8	139.4
45-49	79.5	90.9	84.1	130.0	177.7	147.1
50-54	86.1	74.0	81.6	136.6	151.3	141.0
55-59	102.6	66.7	94.9	159.0	130.4	154.3
60+	105.9	119.5	106.6	161.5	245.1	164.5
Total	60.2	52.0	57.1	126.4	128.3	127.0

Source: Labour Force Australia

The average duration of unemployment tended to increase with age for both unemployed and long-term unemployed males and females. Overall, the average duration of unemployment for all unemployed persons was longer for males than for females, whereas the average duration of unemployment for the long-term unemployed was longer for females than for males. This suggests that females who leave the labour force when they become unemployed are likely to do so before they experience prolonged periods of unemployment. Those females who remain in the labour force and become long-term unemployed experience longer periods of unemployment on average than their male counterparts.

Unemployed females aged 15 to 24 years had longer average duration of unemployment than males in the same age group. Long-term unemployed females in this age group also had longer average duration of unemployment than males in the same age group, although their long-term unemployment rate and incidence of long-term unemployment were lower. Females aged 40 to 49 years also experienced longer periods of unemployment on average than males in the same age group.

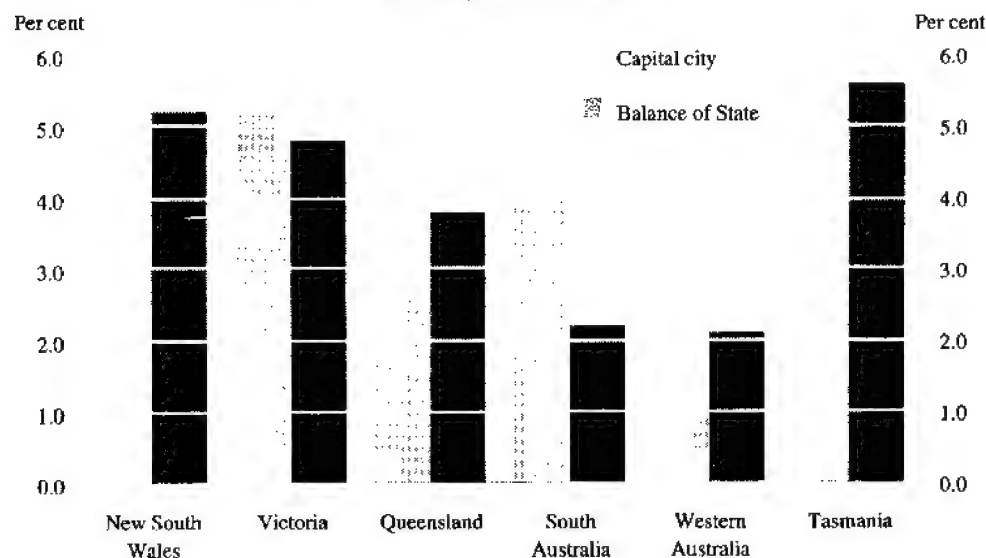
3.2 GEOGRAPHIC DISTRIBUTION

Unemployment is often considered only from a national perspective. However, significant regional differences exist in unemployment and long-term unemployment rates, partially reflecting differing economic structures and policy approaches to unemployment, the impact of seasonal employment, and concentrations of particular industries in certain areas (OECD, 1989). These differences can impact on a person's likelihood of finding employment, and therefore a regional analysis of long-term unemployment is appropriate.

State long-term unemployment rates

In August 1993, Tasmania (5.4%) and Victoria (5.2%) were the States with the highest long-term unemployment rates. These high long-term unemployment rates were evident in both Melbourne and Hobart as well as throughout the remainder of these States. In contrast, while the long-term unemployment rate was below the national average in Sydney (3.0%), the remainder of New South Wales experienced a long-term unemployment rate (5.2%) similar to Victoria and Tasmania. The long-term unemployment rate in Adelaide (4.6%) was also well above the national average, although the rest of South Australia experienced a rate of only 2.2%.

FIGURE 3.2.1. LONG-TERM UNEMPLOYMENT RATE:
STATES, AUGUST 1993



Source: Labour Force Survey

Long-term unemployment changes 1989 to 1993

Between August 1989 and August 1993, the number of long-term unemployed increased substantially in all States and Territories, except the Northern Territory (Figure 3.2.2). The most dramatic change was in Victoria where the number of long-term unemployed increased more than five-fold from 17,100 to 113,800. This was heavily influenced by the considerable fall in employment (down 5.8%), primarily in the Manufacturing and Construction industries. In these two industries in Victoria, the number of employed fell by 108,800 (down 19.4%).

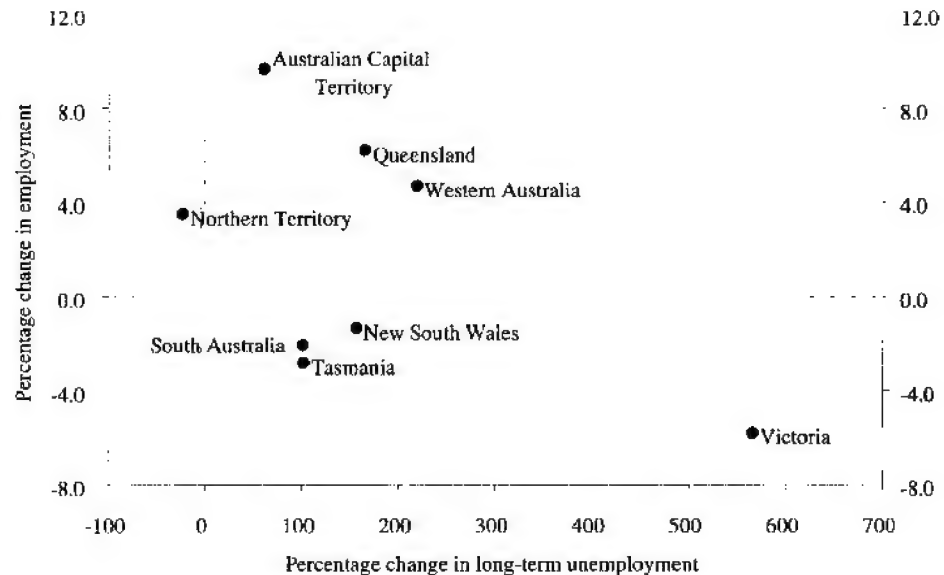
**TABLE 3.2.1. UNEMPLOYED AND LONG-TERM UNEMPLOYED PERSONS:
STATES AND TERRITORIES, AUGUST 1993**

	<i>Unemployed</i>	<i>Long-term unemployed</i>	<i>Unemployment rate</i>	<i>Long-term unemployment rate</i>	<i>Long-term unemployment incidence(a)</i>
	<i>- '000 -</i>			<i>- per cent -</i>	
<i>State Capital City</i>	<i>567.2</i>	<i>204.4</i>	<i>10.6</i>	<i>3.8</i>	<i>36.0</i>
Sydney	173.7	54.7	9.5	3.0	31.5
Melbourne	192.4	84.7	12.1	5.3	44.0
Brisbane	73.2	19.2	10.1	2.7	26.3
Adelaide	57.6	24.0	11.1	4.6	41.7
Perth	59.6	17.2	9.5	2.8	28.9
Hobart	10.7	4.5	12.3	5.2	42.2
<i>Balance of State</i>	<i>357.0</i>	<i>133.3</i>	<i>11.0</i>	<i>4.1</i>	<i>37.3</i>
New South Wales	125.9	53.1	12.3	5.2	42.2
Victoria	76.5	29.1	12.6	4.8	38.0
Queensland	87.2	30.4	10.9	3.8	34.9
South Australia	13.7	4.2	7.1	2.2	30.7
Western Australia	17.9	5.1	7.5	2.1	28.5
Tasmania	17.9	7.2	13.9	5.6	40.1
Australia	924.1	337.7	10.7	3.9	36.5
New South Wales	299.5	107.8	10.5	3.8	36.0
Victoria	269.0	113.8	12.2	5.2	42.3
Queensland	160.4	49.7	10.5	3.3	31.0
South Australia	71.3	28.2	10.0	4.0	39.6
Western Australia	77.5	22.3	9.0	2.6	28.8
Tasmania	28.6	11.7	13.2	5.4	40.9
Northern Territory	6.2	1.3	7.7	1.6	21.0
Australian Capital Territory	11.5	2.9	6.8	1.7	24.7

(a) The proportion of unemployed persons who are long-term unemployed.

Source: *Labour Force Survey*

FIGURE 3.2.2. PERCENTAGE CHANGE, AUGUST 1989 TO AUGUST 1993,
IN EMPLOYMENT AND LONG-TERM UNEMPLOYMENT:
STATES AND TERRITORIES



Source: Labour Force Survey

Regional variations in long-term unemployment

In August 1993, there was substantial variation in regional long-term unemployment rates (*Table 3.2.2*). These ranged from 0.9% in the St George-Sutherland region in Sydney, to 8.6% in Outer Western Melbourne. The highest regional long-term unemployment rates were experienced throughout most of Victoria and Tasmania, as well as along the coastal areas of northern New South Wales (Richmond-Tweed and Mid-North Coast) and the Moreton and Wide Bay-Burnett regions in south-eastern Queensland. The large inland New South Wales region and Western Adelaide also experienced high rates of long-term unemployment.

All regions in Victoria, except Goulburn-Ovens-Murray and the eastern Melbourne regions, experienced long-term unemployment rates higher than the national average. The regions in western Melbourne and Gippsland recorded the highest long-term unemployment rates within the State, with the Outer Western Melbourne region having the largest number of long-term unemployed persons (20,900) of all regions across Australia. In contrast, the Outer Eastern Melbourne region, which has a similar population, had less than half the number of long-term unemployed persons (8,100).

The long-term unemployed in Hunter and Illawarra were concentrated in their principal cities, Newcastle and Wollongong respectively. In addition, Newcastle (6.7%) and Wollongong (4.7%) experienced much higher long-term unemployment rates than the balance of Hunter (1.7%) and the balance of Illawarra (2.1%).

**TABLE 3.2.2. LONG-TERM UNEMPLOYMENT RATE:
REGIONS, AUGUST 1993
(per cent)**

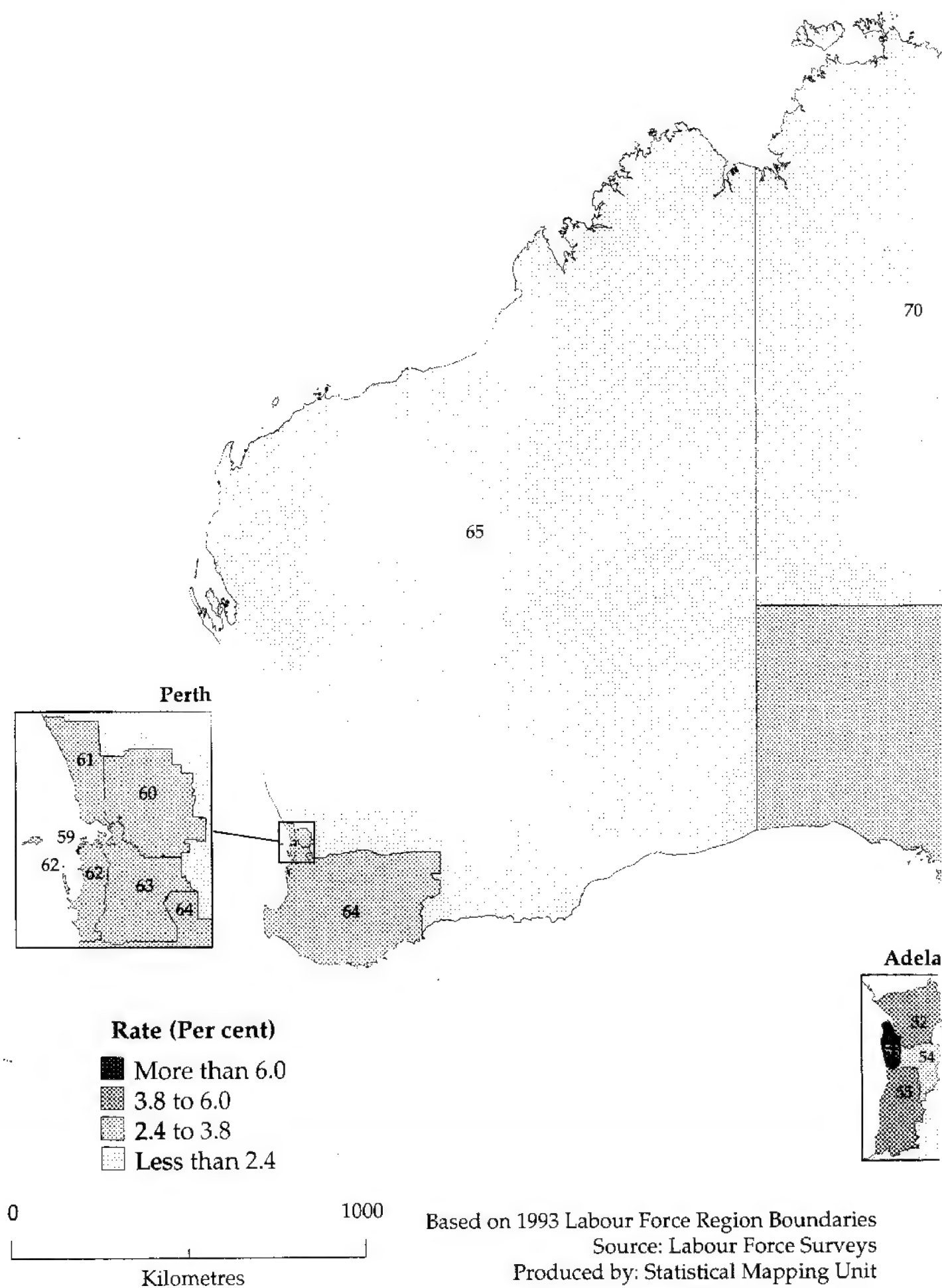
<i>Region(a)</i>	<i>Long-term unemployment rate</i>	<i>Region(a)</i>	<i>Long-term unemployment rate</i>
1 Inner Sydney (NSW)	2.7	35 Central Highlands-Wimmera (Vic.)	6.3
2 Eastern Suburbs (NSW)	2.1	36 Loddon-Campaspe-Mallee (Vic.)	4.2
3 St George-Sutherland (NSW)	0.9	37 Goulburn-Ovens-Murray (Vic.)	2.9
4 Canterbury-Bankstown (NSW)	6.6	38 All Gippsland (Vic.)	6.8
5 Fairfield-Liverpool (NSW)	5.9	40 Brisbane City Inner Ring (Qld)	3.5
6 Inner Western Sydney (NSW)	3.0	41 Brisbane City Outer Ring (Qld)	1.5
7 Outer South Western Sydney (NSW)	1.6	42 South and East BSD Balance (Qld)	3.2
8 Central Western Sydney (NSW)	6.4	43 North and West BSD Balance (Qld)	2.8
9 Outer Western Sydney (NSW)	1.2	44 South and East Moreton (Qld)	5.0
10 Blacktown-Baulkham Hills (NSW)	4.3	45 North and West Moreton (Qld)	4.4
11 Lower Northern Sydney (NSW)	1.4	46 Wide Bay-Burnett (Qld)	7.0
12 Hornsby-Ku-ring-gai (NSW)	2.1	47 Mackay-Fitzroy-Central West (Qld)	2.0
13 Northern Beaches (NSW)(b)	1.1	48 Darling Downs-South West (Qld)	3.4
14 Gosford-Wyong (NSW)	3.5	49 Northern-North West (Qld)	2.1
15 Newcastle (NSW)*	6.7	50 Far North (Qld)	3.2
16 Hunter Balance (NSW)	1.7	52 Northern Adelaide (SA)	4.5
17 Wollongong (NSW)*	4.7	53 Western Adelaide (SA)	7.7
18 Illawarra Balance (NSW)	2.1	54 Eastern Adelaide (SA)	3.2
19 Richmond-Tweed and Mid-North Coast (NSW)	7.6	55 Southern Adelaide (SA)	3.8
20 Northern, Far West-North Western and Central West (NSW)	5.8	56 Southern and Eastern (SA)	1.5
21 South Eastern (NSW)	2.4	57 Northern and Western (SA)	3.1
22 Murray-Murrumbidgee (NSW)	2.4	59 Central Metropolitan (WA)	2.8
25 Inner Melbourne (Vic.)	6.2	60 East Metropolitan (WA)	2.8
26 Southern Melbourne (Vic.)	5.0	61 North Metropolitan (WA)	2.5
27 Inner Eastern Melbourne (Vic.)	3.4	62 South West Metropolitan (WA)	2.9
28 North Eastern Melbourne (Vic.)	5.9	63 South East Metropolitan (WA)	3.0
29 North Western Melbourne (Vic.)	6.7	64 Lower Western (WA)	2.5
30 Outer Western Melbourne (Vic.)	8.6	65 Balance (WA)	1.8
31 Mornington Peninsula (Vic.)	5.5	66 Greater Hobart (Tas.)#	5.2
32 Outer Eastern Melbourne (Vic.)	3.3	67 Southern (Tas.)#	2.9
33 South Eastern Melbourne (Vic.)	4.2	68 Northern (Tas.)*	5.8
34 Barwon-Western District (Vic.)	4.6	69 Mersey-Lyell (Tas.)*	6.3
		70 Northern Territory	1.6
		80 Australian Capital Territory	1.7
		Australia	3.9

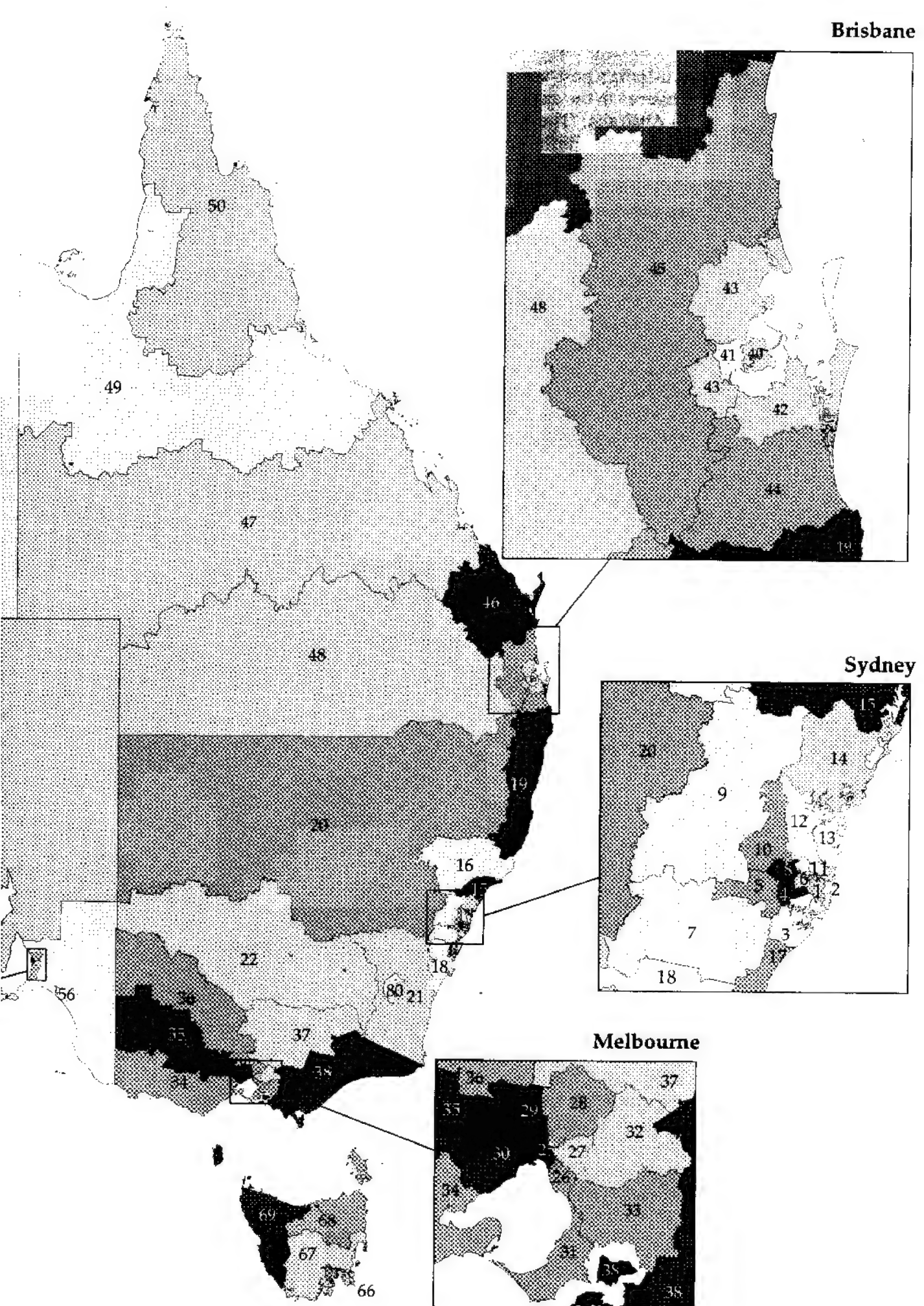
(a) Regions are Statistical Regions or groups of Statistical Regions as defined by the Australian Standard Geographical Classification (ASGC), Edition 2.1, except those marked (*) which are Statistical Region Sectors, and those marked (#) which are Statistical Divisions.

(b) Previously Manly-Warringah.

Source: Labour Force Survey

Figure 3.2.3: Regional Long-term Unemployment Rates





3.3 BIRTHPLACE

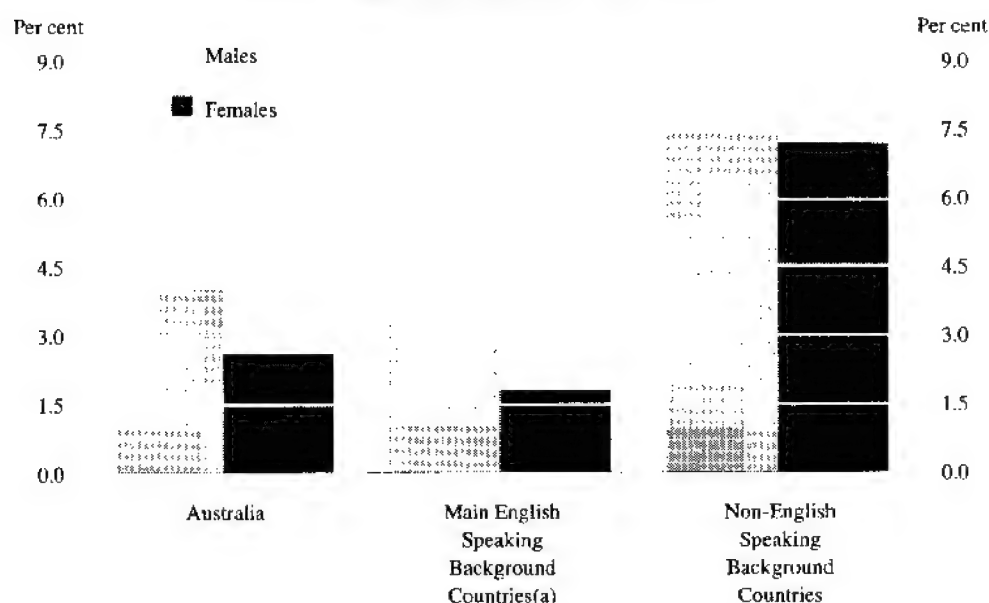
Australia's post-war immigration policies have resulted in considerable changes in the annual immigration levels and the composition of migrants in Australia. The birthplace of migrants is widely regarded as exercising an important influence on their likelihood of being employed.

Differences emerge for a number of reasons, including discrimination, lack of familiarity with English as a spoken and written language, lack of familiarity with Australian social customs and a divergence in labour market behaviour (Inglis and Volker, 1985).

Long-term unemployment rates

In August 1993, migrants from Non-English Speaking Background Countries had a much higher long-term unemployment rate (7.3%) than people born in Australia (3.4%) and migrants from Main English Speaking Background Countries (2.9%). The long-term unemployment rates for migrants from Lebanon (20.0%) and Vietnam (16.9%) were by far the highest for any country with a significant contribution to the Australian labour force. This may be a result of the high proportions of refugee arrivals from these two countries (Iredale and D'Arcy, 1992).

FIGURE 3.3.1. LONG-TERM UNEMPLOYMENT RATE:
BIRTHPLACE, AUGUST 1993



(a) Comprises United Kingdom, Ireland, Canada, South Africa, USA and New Zealand.

Source: Labour Force Survey

Although females generally had lower long-term unemployment rates than males, the long-term unemployment rate for female migrants from Non-English Speaking Background Countries was similar to that for males. Indeed, the difference between the long-term unemployment rates for migrants from Main English Speaking Background Countries and Non-English Speaking Background Countries was much greater for females than males.

**TABLE 3.3.1. UNEMPLOYED AND LONG-TERM UNEMPLOYED PERSONS:
BIRTHPLACE, AUGUST 1993**

<i>Birthplace</i>	<i>Unemployed - '000 -</i>	<i>Long-term unemployed</i>	<i>Unemployment rate</i>	<i>Long-term unemployment rate - per cent -</i>	<i>Long-term unemployment incidence(a)</i>
Born in Australia	645.0	222.6	10.0	3.4	34.5
Born outside Australia	279.1	115.1	13.1	5.4	41.2
Main English Speaking Background Countries(b)	85.2	26.7	9.2	2.9	31.3
New Zealand	17.1	4.8	9.5	2.7	28.3
United Kingdom and Ireland	62.0	20.9	9.3	3.1	33.7
Non-English Speaking Background Countries(c)	193.9	88.4	16.0	7.3	45.6
China	8.0	3.0	15.6	5.8	37.0
Germany	7.4	4.5	12.0	7.4	61.5
Greece	9.5	5.6	15.4	9.1	59.2
India	5.1	2.5	11.0	5.5	50.1
Italy	10.4	4.9	8.2	3.9	46.8
Lebanon	13.9	7.4	37.5	20.0	53.5
Malaysia	5.1	1.6	11.6	3.7	32.0
Netherlands	5.5	3.2	10.8	6.2	57.7
Philippines	4.5	0.6	12.1	1.7	14.1
Vietnam	24.6	13.1	31.9	16.9	53.2
Former Yugoslav Republics	15.5	7.9	14.1	7.2	51.2
Total	924.1	337.7	10.7	3.9	36.5

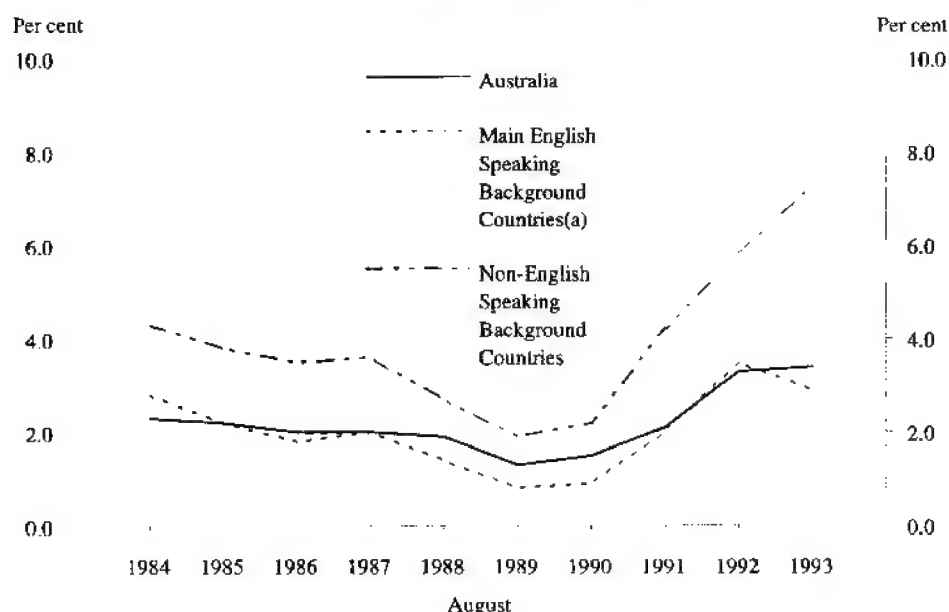
(a) The proportion of unemployed persons who are long-term unemployed. (b) Comprises United Kingdom, Ireland, Canada, South Africa, USA and New Zealand. (c) The countries listed are those Non-English Speaking Background Countries with the largest proportions of the Australian labour force.

Source: Labour Force Survey

Long-term unemployment trends 1984 to 1993

Over the last ten years, migrants from Non-English Speaking Background Countries have consistently had the highest long-term unemployment rates, while migrants from Main English Speaking Background Countries generally experienced similar long-term unemployment rates to people born in Australia. The difference between the long-term unemployment rates for migrants from Non-English Speaking Background Countries and people born in Australia was less prominent during the high employment growth years 1988 to 1990. Also during this period, migrants from Main English Speaking Background Countries had lower long-term unemployment rates than people born in Australia.

FIGURE 3.3.2. LONG-TERM UNEMPLOYMENT RATE: BIRTHPLACE



(a) Comprises United Kingdom, Ireland, Canada, South Africa, USA and New Zealand.

Source: Labour Force Australia

Period of residence of migrants

It is widely acknowledged that an important factor affecting the unemployment experience of migrants is their period of residence (Stromback and Williams, 1986). Recent arrivals have much higher unemployment and long-term unemployment rates, but these rates decrease as their period of residence increases. In fact, the migrants who have arrived since the onset of the 1990-91 recession had an extremely high unemployment rate (32.2%) and long-term unemployment rate (11.0%) (Table 3.3.2).

The decrease in the long-term unemployment rate as period of residence increased was most apparent for migrants from Non-English Speaking Background Countries. Wooden (1990) explains that as the settlement process of migrants proceeds, their skill adaption and acquisition, language learning, and experience in the Australian labour market all help them to search and compete more effectively for jobs.

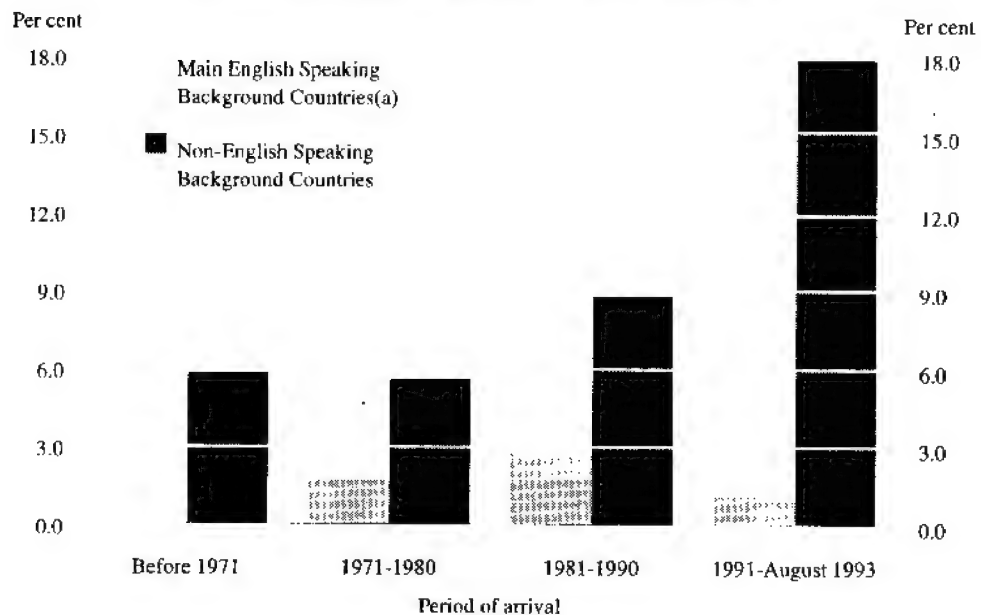
**TABLE 3.3.2. UNEMPLOYED AND LONG-TERM UNEMPLOYED MIGRANTS:
BIRTHPLACE AND PERIOD OF ARRIVAL, AUGUST 1993**

<i>Period of arrival</i>	<i>Unemployed - '000 -</i>	<i>Long-term unemployed - '000 -</i>	<i>Unemployment rate</i>	<i>Long-term unemployment rate - per cent -</i>	<i>Long-term unemployment incidence(a)</i>
MAIN ENGLISH SPEAKING BACKGROUND COUNTRIES(b)					
Before 1971	37.9	15.8	9.3	3.9	41.8
1971 - 1980	19.5	4.2	7.9	1.7	21.4
1981 - 1990	22.1	6.2	9.6	2.7	28.0
1991 - August 1993	5.7	0.5	13.4	1.1	8.0
NON-ENGLISH SPEAKING BACKGROUND COUNTRIES					
Before 1971	58.3	29.5	11.4	5.8	50.6
1971 - 1980	36.5	14.9	13.8	5.6	40.8
1981 - 1990	70.9	32.9	19.0	8.8	46.4
1991 - August 1993	28.1	11.1	45.1	17.9	39.6
TOTAL					
Before 1971	96.2	45.3	10.5	4.9	47.1
1971 - 1980	56.0	19.1	11.0	3.7	34.0
1981 - 1990	93.0	39.1	15.5	6.5	42.0
1991 - August 1993	33.9	11.6	32.2	11.0	34.2

(a) The proportion of unemployed persons who are long-term unemployed. (b) Comprises United Kingdom, Ireland, Canada, South Africa, USA and New Zealand.

Source: Labour Force Survey

**FIGURE 3.3.3. LONG-TERM UNEMPLOYMENT RATE:
BIRTHPLACE AND PERIOD OF ARRIVAL, AUGUST 1993**



(a) Comprises United Kingdom, Ireland, Canada, South Africa, USA and New Zealand.

Source: Labour Force Survey

Educational attainment of migrants

In recent years, Australia's immigration policies have placed increasing emphasis on the skill level of migrants in the Independent and Concessional Family Categories (Department of Immigration, Local Government and Ethnic Affairs, 1992). These policies are in recognition of the important role played by skill levels in the employability of migrants. In February 1993, 55.0% of migrants in the labour force possessed a post-school qualification, compared with 49.0% for people born in Australia.

In February 1993, people with post-school qualifications had lower long-term unemployment rates than people without post-school qualifications for all three main birthplace groups. However, the employment enhancing effects of post-school qualifications were not as great for migrants from Non-English Speaking Background Countries as they were either for migrants from Main English Speaking Background Countries or for people born in Australia. Indeed, migrants from Non-English Speaking Background Countries with post-school qualifications had a higher long-term unemployment rate (5.7%) than people without a post-school qualification who were born in Australia (5.1%).

TABLE 3.3.3. LONG-TERM UNEMPLOYED PERSONS:
BIRTHPLACE AND EDUCATIONAL ATTAINMENT, FEBRUARY 1993

<i>Birthplace</i>	<i>Long-term unemployed - '000 -</i>	<i>Long-term unemployment rate - per cent -</i>	<i>Long-term unemployment incidence(a)</i>
WITH POST-SCHOOL QUALIFICATIONS			
Born in Australia	76.2	2.4	30.0
Born outside Australia	50.9	4.2	36.4
Main English Speaking Background Countries(b)	14.2	2.5	29.2
Non-English Speaking Background Countries	36.7	5.7	40.2
<i>Total</i>	<i>127.1</i>	<i>2.9</i>	<i>32.3</i>
WITHOUT POST-SCHOOL QUALIFICATIONS			
Born in Australia	158.5	5.1	35.9
Born outside Australia	66.7	6.9	41.8
Main English Speaking Background Countries(b)	16.8	4.5	33.2
Non-English Speaking Background Countries	49.9	8.4	45.9
<i>Total</i>	<i>225.2</i>	<i>5.5</i>	<i>37.5</i>

(a) The proportion of unemployed persons who are long-term unemployed. (b) Comprises United Kingdom, Ireland, Canada, South Africa, USA and New Zealand.

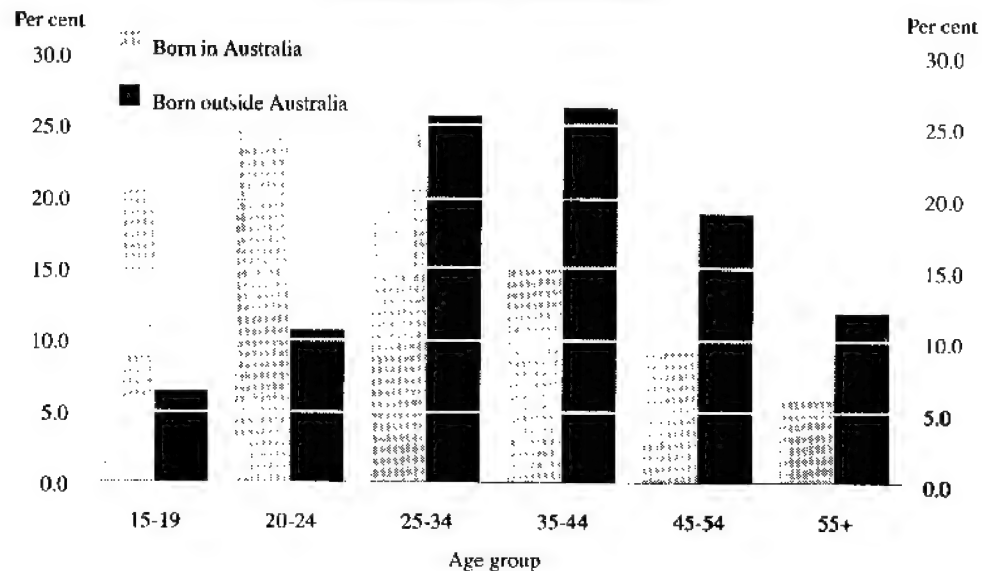
Source: Labour Force Survey

These results suggest that in addition to the inherent disadvantage in gaining employment faced by migrants from Non-English Speaking Background Countries, there may also be differences in the quality or appropriateness of overseas qualifications, or a lack of recognition of these qualifications. Migrants from Non-English Speaking Background Countries with post-school qualifications had a lower long-term unemployment rate (4.8%) when their qualifications were obtained in Australia, but still did not fare as well as people born in Australia.

Age distribution of migrants

In August 1993, migrants in the labour force tended to be concentrated in older age groups compared with people born in Australia. The concentration of unemployed migrants in older age groups explains to some extent the higher incidence of long-term unemployment of migrants (41.2%) compared with people born in Australia (34.5%).

FIGURE 3.3.4. UNEMPLOYED PERSONS: AGE DISTRIBUTION BY BIRTHPLACE, AUGUST 1993



Source: Labour Force Survey

Although the age distribution of migrants contributed to their high incidence of long-term unemployment, it had little effect on the long-term unemployment rates of migrants. The long-term unemployment rates were much higher for migrants within each age group, and the difference between the long-term unemployment rates for migrants and people born in Australia was similar across all age groups.

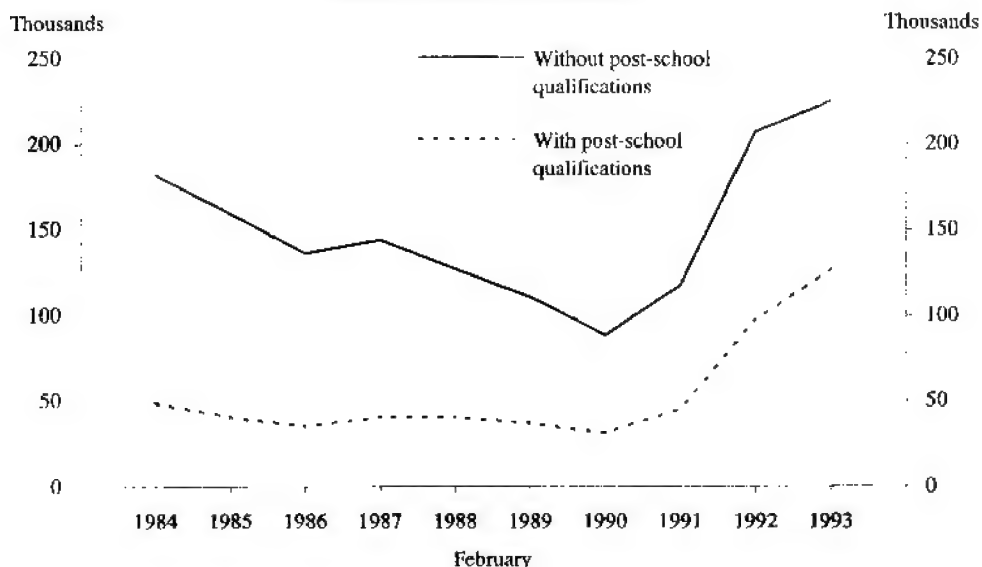
3.4 EDUCATIONAL ATTAINMENT

There is clear evidence to suggest that employment prospects are influenced by people's levels of educational attainment (Chapman and Smith, 1993). Although there is no clear theoretical basis for the direct relationship between educational attainment and unemployment (OECD, 1989), people with the lowest levels of educational attainment are invariably associated with the highest unemployment and long-term unemployment rates.

Long-term unemployment rates

In February 1993, people with the lowest level of educational attainment (those who had not completed the highest level of secondary school) had both the highest unemployment rate (14.9%) and long-term unemployment rate (6.5%) of the five main educational attainment groups. In comparison, people who possessed a degree had by far the lowest unemployment rate (6.2%) and long term-unemployment rate (1.6%). Indeed, the higher a group's level of educational attainment, the lower the group's unemployment and long-term unemployment rates (Table 3.4.1).

FIGURE 3.4.1. LONG-TERM UNEMPLOYED PERSONS AGED 15 TO 69: EDUCATIONAL ATTAINMENT



Source: Survey of Labour Force Status and Educational Attainment

Long-term unemployment trends 1984 to 1993

Over the last decade, the proportion of long-term unemployed people with post-school qualifications increased from 21.1% to 36.1%. This increase coincided with an increase in the proportion of the labour force with post-school qualifications. However, the increase in the proportion of long-term unemployed people with post-school qualifications has been much greater, primarily since the onset of the 1990-91 recession (Table 3.4.2).

**TABLE 3.4.1. UNEMPLOYED AND LONG-TERM UNEMPLOYED PERSONS AGED 15 TO 69:
EDUCATIONAL ATTAINMENT, FEBRUARY 1993**

<i>Educational attainment</i>	<i>Unemployed - '000 -</i>	<i>Long-term unemployed</i>	<i>Unemployment rate</i>	<i>Long-term unemployment rate - per cent -</i>	<i>Long-term unemployment incidence(a)</i>
MALES					
With post-school qualifications(b)	231.2	82.2	8.8	3.1	35.6
Degree	33.5	10.6	5.3	1.7	31.8
Trade qualifications	123.3	44.4	9.5	3.4	36.0
Certificate or diploma	69.1	24.5	10.3	3.6	35.5
Without post-school qualifications	377.9	159.9	16.6	7.0	42.3
Attended highest level of secondary school available	115.4	31.7	15.8	4.3	27.4
Did not attend highest level of secondary school available	262.4	128.2	17.0	8.3	48.9
Total(c)	631.1	246.0	12.7	4.9	39.0
FEMALES					
With post-school qualifications(b)	162.9	44.9	9.6	2.7	27.5
Degree	31.8	6.4	7.5	1.5	20.0
Trade qualifications	11.8	4.1	11.1	3.9	35.1
Certificate or diploma	116.6	33.0	10.2	2.9	28.3
Without post-school qualifications	223.6	65.3	12.5	3.6	29.2
Attended highest level of secondary school available	82.1	16.3	13.3	2.6	19.9
Did not attend highest level of secondary school available	141.5	49.0	12.0	4.2	34.7
Total(c)	409.3	114.0	11.4	3.2	27.9
PERSONS					
With post-school qualifications(b)	394.1	127.1	9.1	2.9	32.3
Degree	65.3	17.0	6.2	1.6	26.0
Trade qualifications	135.1	48.5	9.6	3.5	35.9
Certificate or diploma	185.7	57.5	10.2	3.2	31.0
Without post-school qualifications	601.5	225.2	14.8	5.5	37.5
Attended highest level of secondary school available	197.5	48.0	14.6	3.6	24.3
Did not attend highest level of secondary school available	403.9	177.3	14.9	6.5	43.9
Total(c)	1,040.5	360.0	12.1	4.2	34.6

(a) The proportion of unemployed persons who are long-term unemployed. (b) Includes persons with other post-school qualifications.
(c) Includes persons still at school.

Source: Survey of Labour Force Status and Educational Attainment

With post-school qualifications

The increases in the proportion of the labour force with post-school qualifications were similar for both males and females, although the proportion of males with post-school qualifications has been consistently higher. While the proportion of the female labour force possessing post-school qualifications was lower than that for males, the corresponding proportions among the long-term unemployed were similar for males and females. This suggests that females without post-school qualifications are more likely than males to leave the labour force if experiencing unemployment.

TABLE 3.4.2. PERCENTAGE OF THE LABOUR FORCE AND LONG-TERM UNEMPLOYED WITH POST-SCHOOL QUALIFICATIONS, FEBRUARY 1984 TO FEBRUARY 1993
(per cent)

<i>February</i>	<i>Labour force</i>			<i>Long-term unemployed</i>		
	<i>Males</i>	<i>Females</i>	<i>Persons</i>	<i>Males</i>	<i>Females</i>	<i>Persons</i>
1984	45.7	38.7	43.1	21.2	21.0	21.1
1985	45.2	39.8	43.1	19.8	21.7	20.4
1986	46.4	40.5	44.1	19.3	23.6	20.5
1987	48.2	41.3	45.5	23.9	18.3	22.1
1988	49.1	42.0	46.3	21.2	30.0	24.2
1989	49.4	43.1	46.8	25.2	25.1	25.2
1990	50.2	43.0	47.2	27.1	24.8	26.2
1991	51.2	45.0	48.6	26.5	30.4	27.9
1992	51.9	47.1	49.9	32.5	30.6	31.9
1993	53.8	48.6	51.6	33.9	40.7	36.1

Source: Survey of Labour Force Status and Educational Attainment

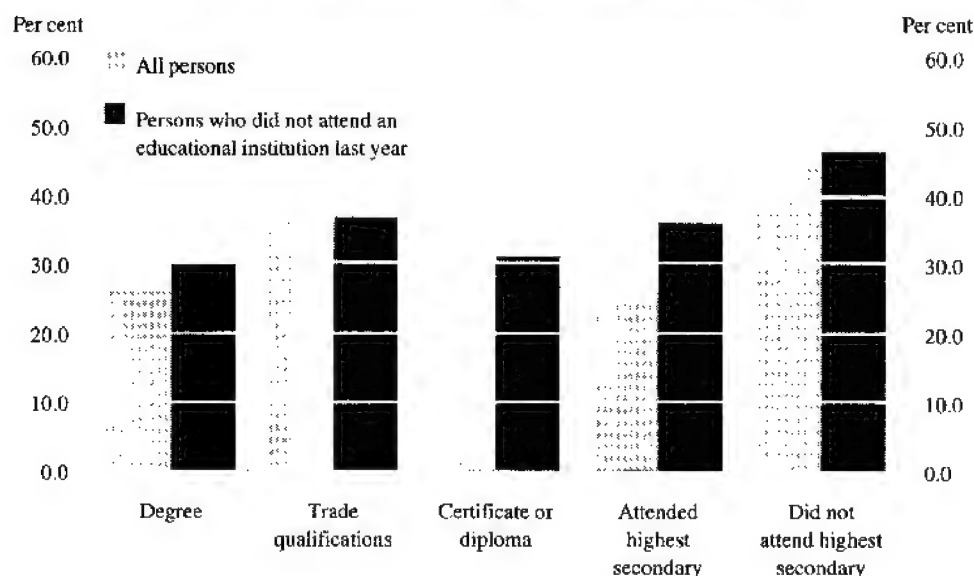
Although the proportion of the long-term unemployed who possess post-school qualifications were similar for males and females, the types of post-school qualifications held by long-term unemployed males and females were very different. In February 1993, 54.0% of long-term unemployed males with a post-school qualification possessed a trade qualification, compared with only 9.1% for females. In contrast, 73.5% of long-term unemployed females with post-school qualifications possessed a certificate or diploma, compared with only 29.8% for males. However, these differences for the long-term unemployed were reasonably consistent with the corresponding figures for the labour force as a whole.

Without post-school qualifications

The unemployment rate for people who had completed only the highest level of secondary school (14.6%) was marginally lower than for people who had not completed the highest level of secondary school. However, the incidence of long-term unemployment (24.3%) for the former group was the lowest of all educational attainment groups. It has been suggested that this apparent anomaly may reflect the impact of recent school leavers contributing disproportionately more to the short-term unemployed for this educational attainment group (Committee on Employment Opportunities, 1993).

The incidence of long-term unemployment for those who had completed only the highest level of secondary school was no longer the lowest when unemployed people aged 15 to 24 who left an educational institution in the previous year were excluded from the calculation.

**FIGURE 3.4.2. INCIDENCE OF LONG-TERM UNEMPLOYMENT(a):
EDUCATIONAL ATTAINMENT AND WHETHER ATTENDED AN
EDUCATIONAL INSTITUTION LAST YEAR, FEBRUARY 1993**



(a) The proportion of unemployed persons who are long-term unemployed.

Source: Survey of Labour Force Status and Educational Attainment

Impact of age

Since the age distributions of the long-term unemployed for each educational attainment group are clearly different, age may well have a significant impact on the incidence of long-term unemployment for each educational group. In order to examine the effect of age on the incidence of long-term unemployment for each level of educational attainment, the incidence can be decomposed (using shift-share analysis - see Technical Notes) into three components:

- an *aggregate effect* which represents the overall incidence of long-term unemployment across all age groups and educational attainment groups. This effect will be the same for all educational attainment groups;
- a *structure effect* which measures for each educational attainment group, the influence of the unemployed within that group being concentrated in age groups with higher or lower incidences of long-term unemployment. This effect will be positive where an educational attainment group's unemployed are concentrated within age groups with higher incidences of long-term unemployment;

- a *share effect* which measures for each educational attainment group, the influence of that group having higher or lower shares of long-term unemployment within age groups. This effect will be positive where a group has a higher share of long-term unemployment on average across all age groups.

TABLE 3.4.3. AGE DECOMPOSITION OF INCIDENCE OF LONG-TERM UNEMPLOYMENT: EDUCATIONAL ATTAINMENT, FEBRUARY 1993
(per cent)

<i>Educational attainment</i>	<i>Aggregate effect</i>	<i>Structure effect</i>	<i>Share effect</i>	<i>Long-term unemployment incidence(a)(b)</i>
MALES				
With post-school qualifications				
Degree	39.7	3.2	-11.1	31.8
Trade qualifications	39.7	4.6	-8.3	36.0
Certificate or diploma	39.7	0.7	-4.9	35.5
Without post-school qualifications				
Attended highest level of secondary school available	39.7	-6.4	-5.8	27.4
Did not attend highest level of secondary school available	39.7	0.1	9.2	48.9
FEMALES				
With post-school qualifications				
Degree	28.4	2.1	-10.4	20.0
Trade qualifications	28.4	1.5	5.3	35.1
Certificate or diploma	28.4	0.7	-0.8	28.3
Without post-school qualifications				
Attended highest level of secondary school available	28.4	-4.3	-4.2	19.9
Did not attend highest level of secondary school available	28.4	1.3	5.0	34.7

(a) The proportion of unemployed persons who are long-term unemployed.

(b) Incidence = aggregate effect + structure effect + share effect.

Source: Labour Force Survey and Educational Attainment

With post-school qualifications by age

The results of the decomposition indicate that the age of males with trade qualifications has a significant effect on their incidence of long-term unemployment. While the share effect for this group is negative, reflecting a lower than average incidence of long-term unemployment across all age groups, the structure effect is positive. This is a result of unemployed males with trade qualifications being concentrated in older age groups, which had higher incidences of long-term unemployment than younger age groups. In fact, 32.8% of unemployed males with trade qualifications were aged 45 to 69 compared with only 20.5% for all unemployed males.

Similarly, both males and females with degrees have negative share effects and positive structure effects. In this case, the lower incidence of long-term unemployment associated with holding a degree was counteracted to some extent by the concentration of the unemployed with degrees in older age groups.

**Without post-school
qualifications
by age**

Both males and females who had completed only the highest level of secondary school have negative structure and share effects. This indicates that while this educational attainment group had lower than average incidence of long-term unemployment across all age groups, the unemployed in this educational attainment group were concentrated in younger age groups, which had lower incidences of long-term unemployment. Overall, 62.4% of the unemployed males and 72.1% of unemployed females who had completed only the highest level of secondary school were aged 15 to 24, compared with 36.0% for all unemployed males and 42.4% for all unemployed females.

In contrast, both males and females who had not completed the highest level of secondary school have both positive structure and share effects. However, the structure effect (the concentration of the unemployed in age groups with higher incidences of long-term unemployment) was negligible compared to the share effect (the higher than average incidence of long-term unemployment across all groups).

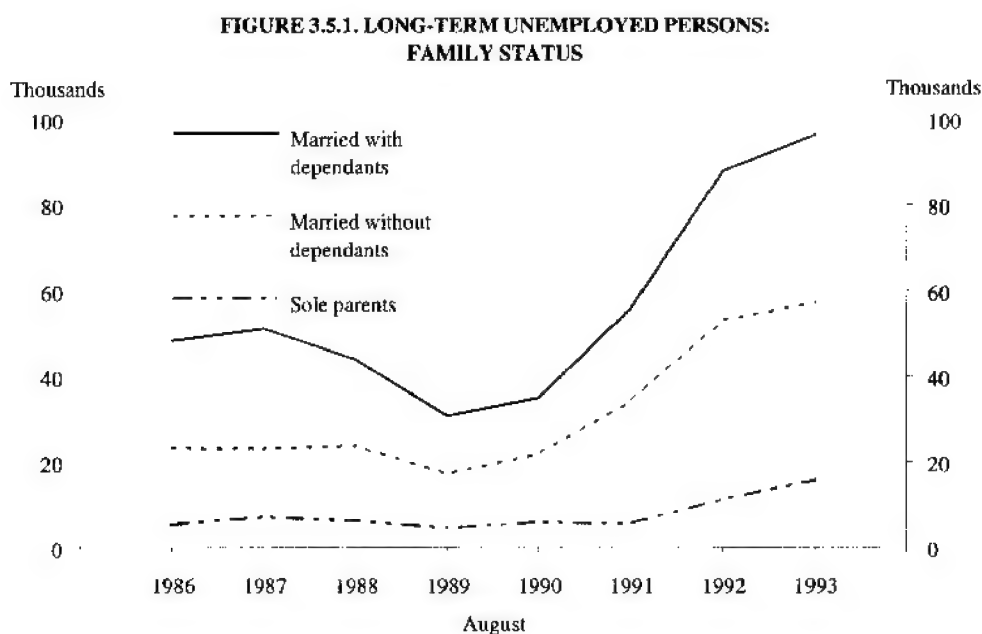
3.5 FAMILY STRUCTURE

In the past, discussion of unemployment has focussed primarily on the characteristics of the individual. Little attention has been paid to the family structure of the unemployed and long-term unemployed. With the emergence of evidence to suggest that individuals from families which experience unemployment are more likely to become unemployed themselves (McClelland, 1993), the family structure of the long-term unemployed warrants further investigation.

In addition to the 337,700 long-term unemployed people in August 1993, a further 506,100 members of their families were living in the same households. Of these, 248,000 were dependent children.

Long-term unemployment distribution 1986 to 1993

Of the long-term unemployed in August 1993 who were members of families, 6.2% were sole parents, 22.3% were married without dependants and 37.5% were married with dependants. The remaining 34.0% consisted of other family members. The distribution of the long-term unemployed across these family status groups has remained relatively constant over the last eight years.



Source: Labour Force Survey

In August 1993, married people without dependants had the lowest unemployment rate (6.5%) and the lowest long-term unemployment rate (2.8%) of any family status group. Sole parents had the highest long-term unemployment rate (6.6%), and the second highest unemployment rate (16.8%).

**TABLE 3.5.1. UNEMPLOYED AND LONG-TERM UNEMPLOYED PERSONS:
FAMILY STATUS, AUGUST 1993**

<i>Family status</i>	<i>Unemployed</i> <i>- '000 -</i>	<i>Long-term</i> <i>unemployed</i>	<i>Unemployment</i> <i>rate</i>	<i>Long-term</i> <i>unemployment</i> <i>rate</i> <i>- per cent -</i>	<i>Long-term</i> <i>unemployment</i> <i>incidence(a)</i>
MALES					
Member of a family					
Husband					
With dependants present	150.7	68.0	7.9	3.6	45.1
Without dependants present	87.5	40.6	7.6	3.5	46.4
Sole parent	4.8	3.8	12.3	9.7	78.4
Other family member(b)	175.7	54.2	18.6	5.7	30.8
Not a member of a family					
Living alone	52.6	24.6	14.9	7.0	46.8
Not living alone	71.3	23.7	17.5	5.8	33.3
Total(c)	571.1	225.2	11.4	4.5	39.4
FEMALES					
Member of a family					
Wife					
With dependants present	85.9	28.1	7.3	2.4	32.7
Without dependants present	44.0	16.6	5.1	1.9	37.7
Sole parent	35.5	12.0	17.7	6.0	33.9
Other family member(b)	106.9	32.9	15.3	4.7	30.8
Not a member of a family					
Living alone	23.9	7.9	11.0	3.7	33.1
Not living alone	36.3	10.4	13.0	3.7	28.7
Total(c)	353.0	112.5	9.8	3.1	31.9
PERSONS					
Member of a family					
Husband or wife					
With dependants present	236.7	96.2	7.7	3.1	40.6
Without dependants present	131.5	57.2	6.5	2.8	43.5
Sole parent	40.4	15.8	16.8	6.6	39.2
Other family member(b)	282.6	87.1	17.2	5.3	30.8
Not a member of a family					
Living alone	76.5	32.5	13.4	5.7	42.5
Not living alone	107.5	34.1	15.7	5.0	31.8
Total(c)	924.1	337.7	10.7	3.9	36.5

(a) The proportion of unemployed persons who are long-term unemployed. (b) Comprises persons classified as other family head, full-time student aged 15-24, other child(ren) aged 15 and over of married-couple or family head, and other relatives of married-couple or family head.

(c) Includes persons for whom family status could not be determined.

Source: Labour Force Survey

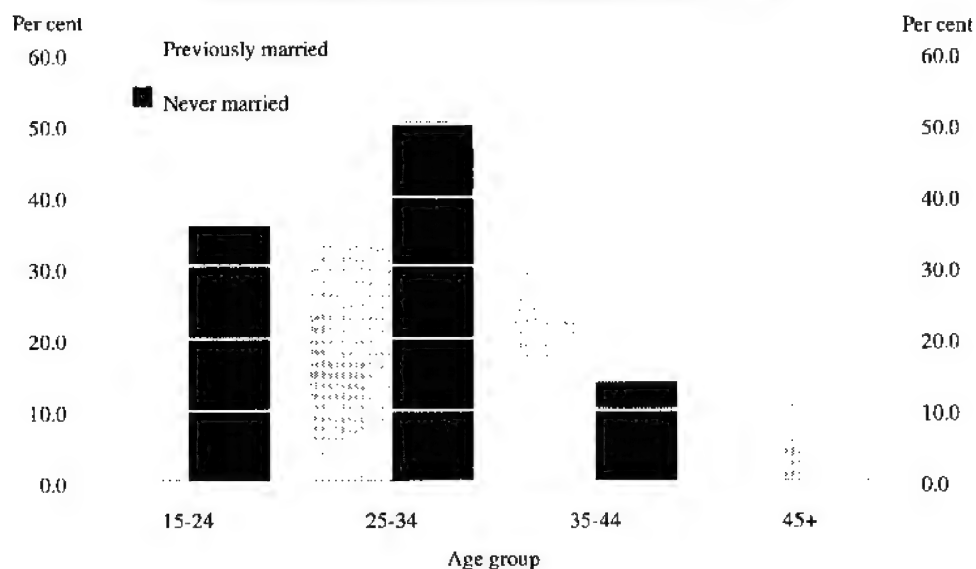
Sole parents

The long-term unemployment rate for female sole parents was 6.0%. This compares with a long-term unemployment rate of 2.4% for wives with dependants. For male sole parents, the long-term unemployment rate was 9.7%, the highest for any family status group. However, male sole parents represented only 11.5% of all sole parents.

The incidence of long-term unemployment for female sole parents was similar to that for wives with dependants, while the incidence for male sole parents was much higher than for husbands with dependants.

Of the 15,800 long-term unemployed sole parents in August 1993, 74.1% had previously been married. These parents experienced higher incidences of long-term unemployment than sole parents who had never married. However, sole parents who had never married experienced higher unemployment and long-term unemployment rates, reflecting a higher concentration in younger age groups. Of the unemployed sole parents who had never married, 35.7% were aged 15 to 24 years. In comparison, only 2.6% of unemployed sole parents who were previously married were aged 15 to 24 years.

FIGURE 3.5.2. UNEMPLOYED SOLE PARENTS: AGE DISTRIBUTION AND WHETHER PREVIOUSLY MARRIED, AUGUST 1993



Source: Labour Force Survey

Sole parents with young dependants

In June 1993, female sole parents with young dependants (those aged under 5 years) had a much higher unemployment rate (27.6%) than female sole parents without young dependants (14.8%), and wives with young dependants (9.7%) (Table 3.5.2). However, the incidence of long-term unemployment for female sole parents with young dependants (20.8%) was much lower.

**TABLE 3.5.2. UNEMPLOYED AND LONG-TERM UNEMPLOYED
FEMALE SOLE PARENTS AND WIVES WITH DEPENDANTS:
WHETHER DEPENDANTS AGED 0-4 YEARS PRESENT, JUNE 1993**

	<i>Unemployed</i> <i>- '000 -</i>	<i>Long-term unemployed</i> <i>- '000 -</i>	<i>Unemployment rate</i>	<i>Long-term unemployment rate</i> <i>- per cent -</i>	<i>Long-term unemployment incidence(a)</i>
WITH DEPENDANTS AGED 0-4 YEARS					
Sole parents	11.7	2.4	27.6	5.6	20.3
Wives with dependants	36.2	10.1	9.7	2.7	27.8
WITHOUT DEPENDANTS AGED 0-4 YEARS					
Sole parents	22.0	8.3	14.8	5.6	37.8
Wives with dependants	51.8	17.0	6.4	2.1	32.8

(a) The proportion of unemployed persons who are long-term unemployed.

Source: Survey of Labour Force Status and Other Characteristics of Families

The combination of a high unemployment rate with a low incidence of long-term unemployment for female sole parents with young dependants reflects not only their concentration in the younger age groups, but also their greater propensity to both leave and re-enter the labour force. This has been attributed to the existence of barriers to employment, such as the availability and cost of child care (Young, 1990), in addition to their perception of possible employment opportunities. Furthermore, sole parents are more likely to take on part-time employment when they have young dependants, and are therefore more likely to have more frequent, shorter spells of unemployment.

**TABLE 3.5.3. MARRIED COUPLE FAMILIES: LABOUR FORCE STATUS
OF HUSBAND AND WIFE, JUNE 1993
(*'000 families*)**

<i>Labour force status of wife</i>	<i>Labour force status of husband</i>				<i>Total</i>
	<i>Employed</i>	<i>Short-term unemployed</i>	<i>Long-term unemployed</i>	<i>Not in the labour force</i>	
Employed	1,812.1	34.7	18.2	91.9	1,957.0
Short-term unemployed	62.7	13.7	7.4	6.8	90.7
Long-term unemployed	20.0	3.8	17.5	3.4	44.7
Not in the labour force	887.5	74.5	64.7	809.8	1,836.5
Total	2,782.4	126.7	107.8	911.9	3,928.8

Source: Survey of Labour Force Status and Other Characteristics of Families

Married couple families

In June 1993, there were 327,500 married couple families with at least one partner unemployed, of which 42,400 had both partners unemployed. Furthermore, there were 135,000 married couple families with at least one partner long-term unemployed, of which 17,500 had both partners long-term unemployed.

Labour force status of spouse Of the 107,800 married couple families with long-term unemployed husbands, 23.1% also had the wife unemployed. However, for the majority (60.0%), the wife was not in the labour force. In comparison, only 3.0% of married couple families where the husband was employed had the wife unemployed, and 32.0% had the wife not in the labour force. Of the 44,700 married couple families with the wife long-term unemployed, almost half (47.7%) had the husband also unemployed. A further 44.7% had the husband employed.

The long-term unemployment rate was highest for both the husband (42.3%) and the wife (40.5%) where the partner was long-term unemployed. The incidence of long-term unemployment was also highest under these circumstances, with 82.1% for the husband and 70.1% for the wife.

TABLE 3.5.4. MARRIED COUPLES FAMILIES: LONG-TERM UNEMPLOYMENT RATE AND INCIDENCE, HUSBAND AND WIFE, JUNE 1993
(per cent)

<i>Labour force status of partner</i>	<i>Husband</i>		<i>Wife</i>	
	<i>Long-term unemployment rate</i>	<i>Long-term unemployment incidence(a)</i>	<i>Long-term unemployment rate</i>	<i>Long-term unemployment incidence(a)</i>
Employed	1.0	34.4	1.1	24.2
Short-term unemployed	8.9	35.2	7.3	21.7
Long-term unemployed	42.3	82.1	40.5	70.1
Not in the labour force	6.3	46.5	3.3	33.2
Total	3.6	46.0	2.1	33.0

(a) The proportion of unemployed persons who are long-term unemployed.

Source: *Survey of Labour Force Status and Other Characteristics of Families*

Junankar and Kapuscinski (1991) refer to this phenomenon as the 'cycle of disadvantage'. This theory is based on the premise that these married couple families tend to be more isolated from the work force and therefore have less informal contacts to call on for assistance in their search for employment.

Married couple families with dependants

Statistical evidence suggests that the unemployment and long-term unemployment experience of married couple families may further be influenced by the presence of dependants, and in particular young dependants.

In June 1993, the unemployment rate for wives with young dependants (9.7%) was more than three percentage points higher than for wives with older dependants (6.4%). However the incidence of long-term unemployment for wives with young dependants was lower. This pattern of high unemployment rate and low incidence of long-term unemployment for wives with young dependants reflects their concentration in younger age groups and their propensity to leave the labour force when either job opportunities become scarce, or barriers to participation are encountered. A similar pattern was also observed for female sole parents with young dependants.

TABLE 3.5.5. UNEMPLOYED AND LONG-TERM UNEMPLOYED HUSBANDS AND WIVES WITH DEPENDANTS: WHETHER DEPENDANTS AGED 0-4 YEARS PRESENT, JUNE 1993

	<i>Unemployed</i>	<i>Long-term unemployed</i>	<i>Unemployment rate</i>	<i>Long-term unemployment rate</i>	<i>Long-term unemployment incidence(a)</i>
	- '000 -			- per cent -	
WITH DEPENDANTS AGED 0-4 YEARS					
Husband	85.2	39.5	10.4	4.8	46.4
Wife	36.2	10.1	9.7	2.7	27.8
Total	121.4	49.6	10.2	4.2	40.8
WITHOUT DEPENDANTS AGED 0-4 YEARS					
Husband	69.1	29.1	6.3	2.7	42.2
Wife	51.8	17.0	6.4	2.1	32.8
Total	120.9	46.1	6.4	2.4	38.1

(a) The proportion of unemployed persons who are long-term unemployed.

Source: Survey of Labour Force Status and Other Characteristics of Families

Husbands with young dependants had much higher unemployment and long-term unemployment rates than husbands with older dependants. The unemployment rates for husbands and wives with young dependants were similar, although the long-term unemployment rate for husbands (4.8%) was considerably higher than for wives (2.7%).

3.6 INDUSTRY AND OCCUPATION

Industry and occupation are characteristics relating to an individual's previous job, current job or possible future job. They are not characteristics specific to the individual in the same way as other demographic characteristics such as age or birthplace. However, they can reflect the skills and capabilities of individuals, which for the unemployed are significant to their prospect of re-employment.

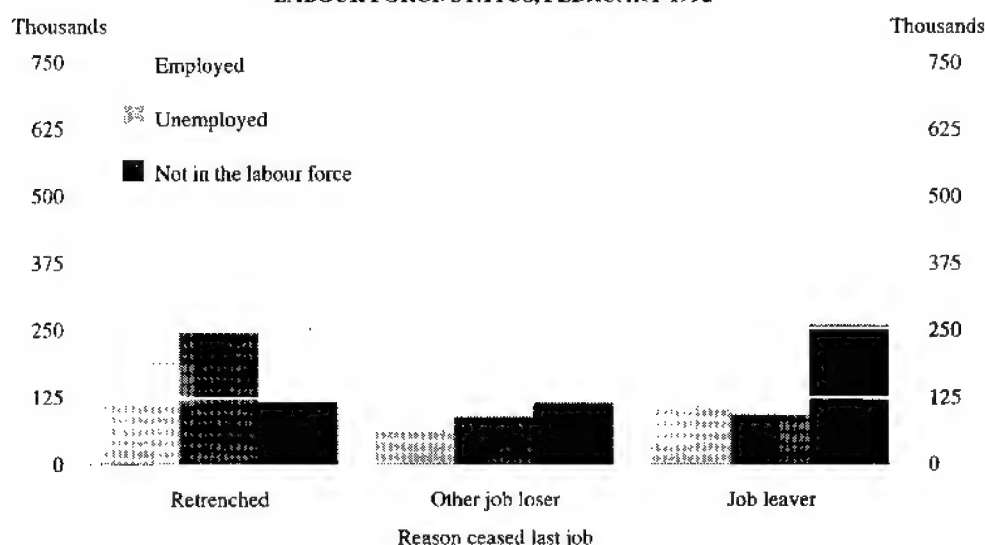
Information regarding the industry and occupation of unemployed persons is restricted to those who have worked full-time for two weeks or more at some stage in the previous two years. In August 1993, unemployed persons who had worked full-time for two weeks or more in the previous two years accounted for 49.2% of the unemployed and 26.7% of the long-term unemployed.

Given the restricted coverage of information on previous industry and occupation for the long-term unemployed, the standard measures of long-term unemployment, namely the long-term unemployment rate and incidence of long-term unemployment, for individual industries and occupations are misleading and are not utilised in this section. Some insight into the industry and occupation background of unemployed and long-term unemployed persons may be obtained by examining the industry and occupation distribution of retrenchments.

Job losers and job leavers

Of all persons who ceased a job during the year ended February 1992, 29.9% had been retrenched, 14.4% were other job losers and 55.8% were job leavers. Those who had been retrenched had the greatest proportion (44.5%) remaining unemployed at February 1992. This compares to 33.1% of other job losers and 9.0% of job leavers.

FIGURE 3.6.1. PERSONS WHO CEASED A JOB DURING THE YEAR ENDED FEBRUARY 1992: REASON FOR CEASING LAST JOB AND LABOUR FORCE STATUS, FEBRUARY 1992



Source: Survey of Labour Mobility

TABLE 3.6.1. NUMBER OF RETRENCHMENTS AND RETRENCHMENT RATE: INDUSTRY AND OCCUPATION OF LAST JOB, YEAR ENDED FEBRUARY 1989 TO YEAR ENDED FEBRUARY 1992

	Number of retrenchments				Retrenchment rate(a)			
	1989	1990	1991	1992	1989	1990	1991	1992
	- '000 -				- per cent -			
<i>Industry of last job -</i>								
Agriculture, forestry, fishing and hunting	16.7	16.9	18.2	16.5	4.0	4.1	4.5	4.2
Manufacturing	69.4	77.2	123.6	110.8	5.8	6.4	10.2	9.7
Construction	41.1	51.9	95.6	84.8	7.3	8.7	15.6	15.5
Wholesale and retail trade	87.8	100.1	145.6	141.5	6.0	6.5	9.1	9.0
Transport and storage	14.6	19.3	24.2	27.2	4.0	5.0	5.8	6.9
Finance, property and business services	25.7	30.6	45.8	51.5	3.2	3.6	5.2	5.9
Public administration and defence	6.9	4.8	8.5	6.1	2.0	1.4	2.4	1.6
Community services	25.4	22.3	32.6	36.7	1.9	1.7	2.4	2.6
Recreation, personal and other services	43.7	49.5	53.4	52.2	9.2	8.9	9.4	8.7
Other industries(b)	9.9	9.1	12.8	20.1	2.7	2.6	3.7	5.7
<i>Occupation of last job -</i>								
Managers and administrators	15.3	17.3	25.5	32.1	1.8	2.0	3.0	1.7
Professionals	14.0	19.0	31.0	28.7	1.6	2.0	3.1	2.8
Para-professionals	7.3	9.3	14.8	15.3	1.6	2.1	3.2	3.3
Tradespersons	59.4	70.3	122.7	121.5	5.1	5.9	10.2	10.3
Clerks	44.9	50.4	67.2	68.8	3.6	3.8	4.9	5.2
Salespersons and personal service workers	66.6	69.1	98.8	95.1	6.7	6.5	9.0	8.3
Plant and machine operators, and drivers	32.0	39.6	58.9	44.4	5.6	6.8	9.8	7.9
Labourers and related workers	101.7	106.6	141.6	141.6	9.2	9.2	12.0	12.5
Total	341.2	381.6	560.5	547.5	4.7	5.0	7.2	7.1

(a) Retrenchment rate is calculated as the number of persons retrenched in the year ended February as a percentage of the number of persons employed in the previous February. (b) Other industries include Mining, Electricity, gas and water, and Communication.

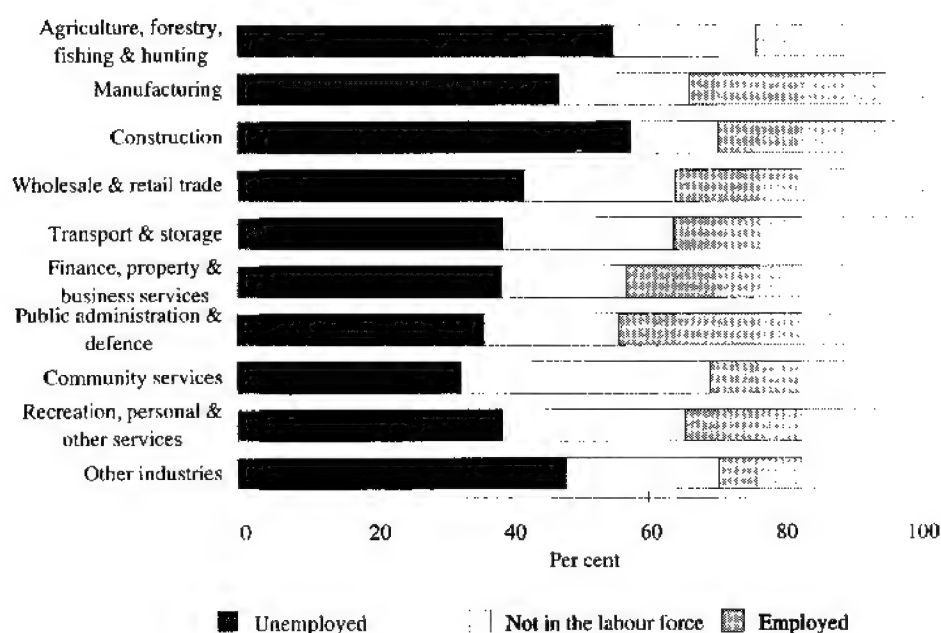
Source: Survey of Labour Mobility

Retrenchments

Job loss, particularly retrenchment, can be associated with fundamental economic structural change as well as transient fluctuations in aggregate demand associated with different stages of the business cycle. The structure and distribution of employment in Australia has altered substantially in the previous decade. Inevitably, job loss has been associated with this restructuring. However, the overall impact of structural change on aggregate employment appears to have been minimal, with contraction in some industries and sectors being matched with expansion in others (Committee on Employment Opportunities, 1993). However, where a mismatch of skills exists between expanding and contracting sectors, displaced workers may be at greater risk of becoming long-term unemployed.

Information on retrenchments can provide an insight into the inflows to unemployment by industry and occupation. A high inflow into unemployment for a particular industry or occupation may indicate that the industry or occupation is experiencing a cyclical or long-term decline in employment. However, industries and occupations characterised by rapid turnover or pronounced seasonal patterns, possibly combined with greater ease of access and limited skill patterns, may also be characterised by higher rates of inflow into unemployment combined with shorter durations of unemployment. As a result, factors determining outflows from unemployment should be considered in conjunction with inflows into unemployment in order to draw inferences about the duration of unemployment for any group. These are reflected in industry and occupation differences in the proportion of retrenched workers who regain employment, leave the labour force or remain unemployed.

FIGURE 3.6.2. PERSONS WHO WERE RETRENCHIED DURING THE YEAR ENDED FEBRUARY 1992: INDUSTRY OF LAST JOB AND LABOUR FORCE STATUS, FEBRUARY 1992



Source: Survey of Labour Mobility

Retrenchments by industry

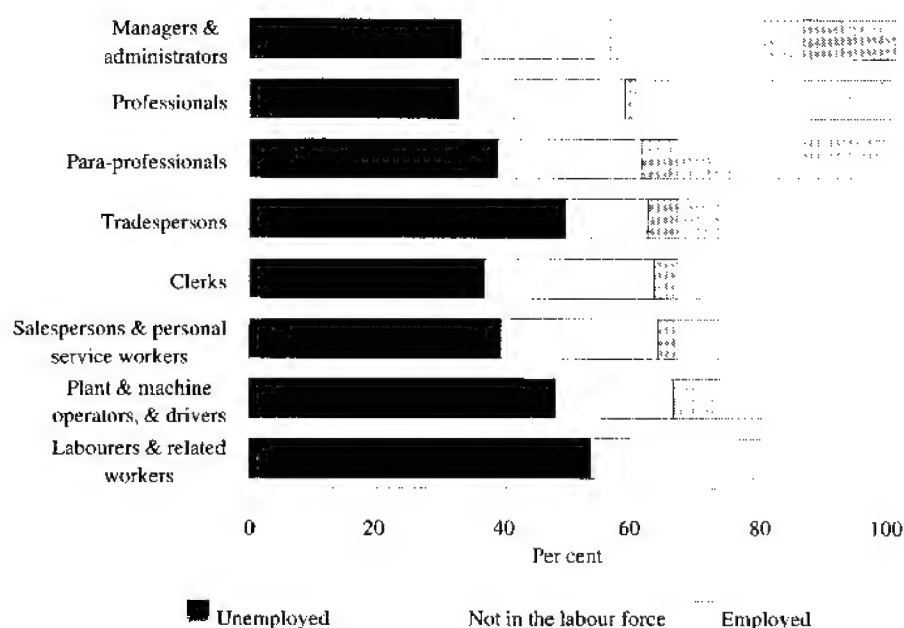
In the years ending February 1989 to February 1992, Wholesale and retail trade, Manufacturing, Construction, and Recreation, personal and other services experienced the largest number of retrenchments. These industries also had the highest retrenchment rates. Construction and Manufacturing had the largest increase in retrenchment rate during the 1990-91 recession (*Table 3.6.1*).

In the year ending February 1992, Construction also had the highest proportion of workers retrenched during the year who remained unemployed at February 1992, and the lowest proportion of retrenched workers re-employed, with the exception of Agriculture, forestry, fishing and hunting (*Figure 3.6.2*). While Manufacturing, Wholesale and retail trade, and Recreational, personal and other services also had relatively high retrenchment rates, the proportion of workers in these industries retrenched during the previous year who were re-employed in February 1992 was higher than for Construction. Agriculture, forestry, fishing and hunting had the lowest proportion re-employed.

Retrenchments by occupation

In the years ending February 1989 to February 1992, Labourers and related workers, Tradespersons, and Salespersons and personal service workers experienced the greatest number of retrenchments (*Table 3.6.1*). In the year ending February 1992, these occupations comprised 65.4% of total retrenchments. Labourers and related workers experienced the highest retrenchment rate in the year ending February 1992 (12.5%). The retrenchment rates for Tradespersons and Salespersons and personal service workers were also relatively high.

FIGURE 3.6.3. PERSONS WHO WERE RETRENCHED DURING THE YEAR ENDED FEBRUARY 1992: OCCUPATION OF LAST JOB AND LABOUR FORCE STATUS, FEBRUARY 1992



Source: Survey of Labour Mobility

In the year ending February 1992, Labourers and related workers had a significantly lower proportion of workers retrenched during the year who had been re-employed and a correspondingly higher proportion remaining unemployed at February 1992. The proportion of Tradespersons and Plant and machine operators and drivers who remained unemployed was also higher than for other occupations (*Figure 3.6.3*).

Preferred occupation of the unemployed

In most cases, information available on industry and occupation for unemployed persons relates to previous employment, which does not necessarily correspond to a person's usual or preferred industry and occupation. However, information relating to preferred occupation is available for all unemployed people. The preferred occupation of an unemployed person may reflect either their skills, capabilities, or previous employment background.

TABLE 3.6.2. UNEMPLOYED AND LONG-TERM UNEMPLOYED PERSONS: PREFERRED OCCUPATION, JULY 1992

	Unemployed - '000 -	Long-term unemployed - '000 -	Long-term unemployment incidence(a) - per cent -
Had a preferred occupation	509.5	143.0	28.1
Managers and administrators	9.6	2.7	28.1
Professionals	51.1	11.9	23.3
Para-professionals	20.7	5.8	28.0
Tradespersons	100.7	26.8	26.6
Clerks	85.0	18.5	21.8
Salespersons and personal service workers	108.0	25.4	23.5
Plant and machine operators, and drivers	34.6	12.5	36.1
Labourers and related workers	99.8	39.3	39.4
Did not have a preferred occupation(b)	461.3	165.5	35.9
Total	970.8	308.5	31.8

(a) The proportion of unemployed persons who are long-term unemployed. (b) Includes persons whose preferred occupation was inadequately described and those who had more than one preferred occupation.

Source: *Survey of Successful and Unsuccessful Job Search Experience*

In July 1992, 52.4% of all unemployed persons had a preferred occupation, compared to 46.4% of the long-term unemployed. This difference may reflect an increased lack of specific or perceived skills amongst the long-term unemployed, but may also reflect disillusionment and a willingness to accept any job. Of those long-term unemployed with a preferred occupation, 27.5% would have preferred to work as Labourers and related workers, 18.7% as Tradespersons, and 17.8% as Salespersons and personal service workers.

The incidence of long-term unemployment was highest for persons who specified their preferred occupations as Plant and machine operators and drivers (36.1%) and Labourers and related workers (39.4%). The incidence of long-term unemployment for those without a preferred occupation (35.9%) was also higher than the average (31.8%).

4. THE DYNAMICS OF LONG-TERM UNEMPLOYMENT

The number of unemployed persons at any given time will depend directly on previous inflows to and outflows from unemployment. The relationship between movements in the number of unemployed persons, and inflows to and outflows from unemployment can be expressed as:

$$U_t = U_{t-1} + I_t - O_t$$

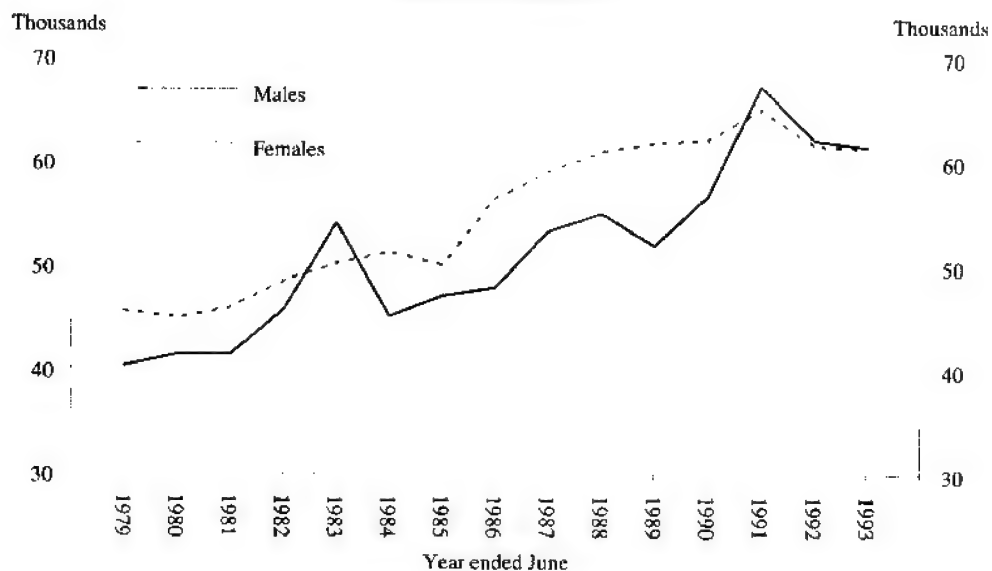
where U_t is the number of unemployed persons in month t , I_t is the inflow to unemployment between months $t-1$ and t , and O_t is the outflow from unemployment between months $t-1$ and t .

Inflows to and outflows from unemployment

The long-term unemployed in month t are a subset of the unemployed in month $t-1$. The incidence of long-term unemployment (i.e. the proportion of unemployed persons who are long-term unemployed) will depend on the relative magnitude of the inflows and outflows and the duration of unemployment of the outflows.

Monthly inflows to unemployment have been derived using monthly estimates of the number of people unemployed for less than four weeks, while monthly outflows from unemployment have been derived using these unemployment inflows and the above-mentioned relationship. The monthly inflows and outflows will be understated to the extent that offsetting inflows and outflows occur within the month.

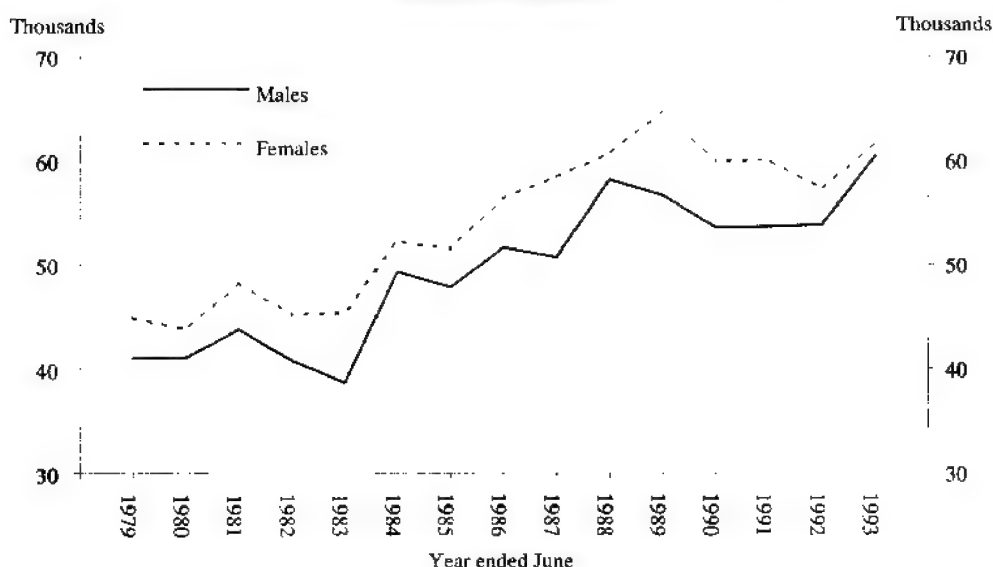
FIGURE 4.1. MONTHLY INFLOWS TO UNEMPLOYMENT:
ANNUAL AVERAGE



Source: Labour Force Survey

The average monthly inflows to and outflows from unemployment in 1992-93 were similar for males and females. Since 1978-79, unemployment inflows have been higher for females than males, except during the 1982-83 and 1990-91 recessions when inflows for males rose sharply. Unemployment outflows have been consistently higher for females since 1978-79.

**FIGURE 4.2. MONTHLY OUTFLOWS FROM UNEMPLOYMENT:
ANNUAL AVERAGE**



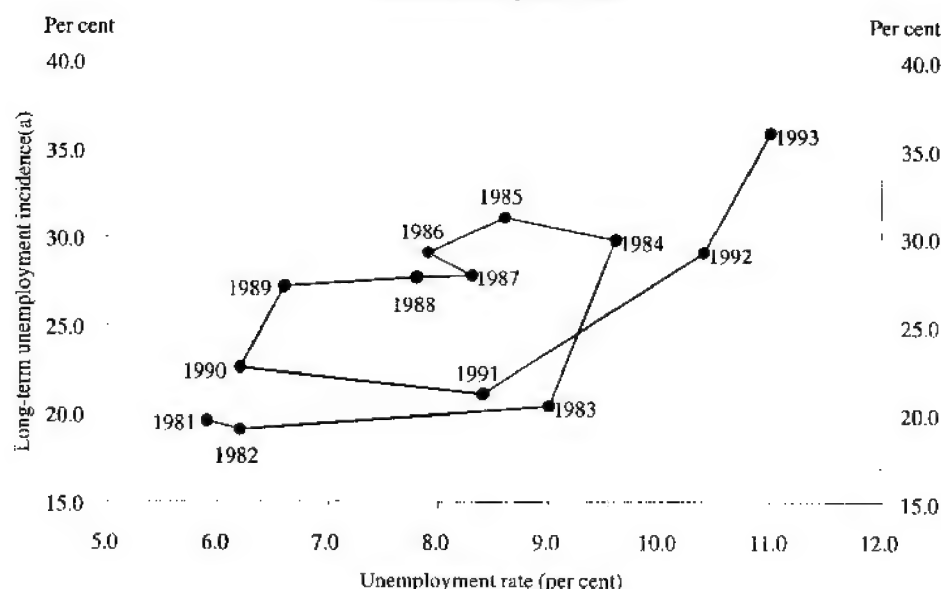
Source: Labour Force Survey

Business cycle and long-term unemployment

Initially during an economic downturn, the increased inflow of new entrants into unemployment will cause the number of short-term unemployed to rise at a greater rate than the number of long-term unemployed, and hence reduce the incidence of long-term unemployment. Between 1989-90 and 1990-91 there was a rapid inflow into unemployment and a sharp rise in the unemployment rate from 6.2% to 8.4%. However, during this period the incidence of long-term unemployment declined from 22.6% to 21.1%.

As an economic downturn proceeds, even though the unemployment inflows may remain high, a proportion of these new entrants will move into long-term unemployment, causing an increase in the incidence of long-term unemployment. In 1991-92, the incidence of long-term unemployment rose sharply to 29.1%, as a high proportion of the 1990-91 new entrants to unemployment moved into long-term unemployment.

FIGURE 4.3. UNEMPLOYMENT RATE AND INCIDENCE OF LONG-TERM UNEMPLOYMENT: ANNUAL AVERAGE, YEAR ENDED JUNE 1981 TO YEAR ENDED JUNE 1993



(a) The proportion of unemployed persons who are long-term unemployed.

Source: Labour Force Survey

The impact of the unemployment outflows on the incidence of long-term unemployment will depend on two opposing influences. During an economic downturn, outflows from unemployment to employment will decline, probably more significantly for the long-term unemployed, which will act to increase the incidence of long-term unemployment. However, outflows from unemployment to not in the labour force will generally rise as unemployed jobseekers become discouraged. These outflows will probably be greater for the long-term unemployed and will act to reduce the incidence of long-term unemployment.

During an economic recovery, the incidence of long-term unemployment will initially rise due to a combination of a reduced inflow of new entrants into unemployment and higher outflows from unemployment to employment, mainly from the short-term unemployed. Between 1983-84 and 1984-85 the unemployment rate fell substantially from 9.6% to 8.6%, but the incidence of long-term unemployment continued to rise from 29.8% to 31.1%.

Only as an economic recovery proceeds are outflows to employment likely to make inroads into the long-term unemployed. Inflows to unemployment from not in the labour force will rise with the re-entry of discouraged jobseekers, which will act to reduce the incidence of long-term unemployment. In 1985-86, the incidence of long-term unemployment fell to 29.1%, as an increasing number of the long-term unemployed found employment.

Persistence of long-term unemployment

It has been argued that when the unemployment rate falls during an economic recovery, the incidence of long-term unemployment does not fall to the level prior to the downturn (OECD, 1987). In Australia, this effect was evident after the 1982-83 recession with the incidence of long-term unemployment not returning to the 1980-81 level (*Figure 4.3*).

The continued existence of long-term unemployment and the difficulty experienced by the long-term unemployed in regaining employment is sometimes termed "the long-term unemployment trap". An important issue, especially for policy makers, is assessing the major factors impacting on the lower escape rate from unemployment of the long-term unemployed.

These factors are often subdivided by labour market analysts into two broad categories. The first category, termed "duration dependence", includes those factors relating to duration of unemployment, such as:

- a reduction in the effectiveness and intensity of job search which can be caused by demoralisation or loss of contact with the world of paid work;
- loss of skills and on the job training; and
- employer screening (i.e. the reluctance of employers to hire long-term unemployed people).

The second category, termed "heterogeneity", includes those factors relating to the specific characteristics of people. Those people remaining unemployed have an inherently lower probability of finding employment, because of personal characteristics.

The relative influence of duration dependence and heterogeneity on the long-term unemployed is not readily separated. People with inherently lower probabilities of finding employment will also tend to suffer from duration dependence.

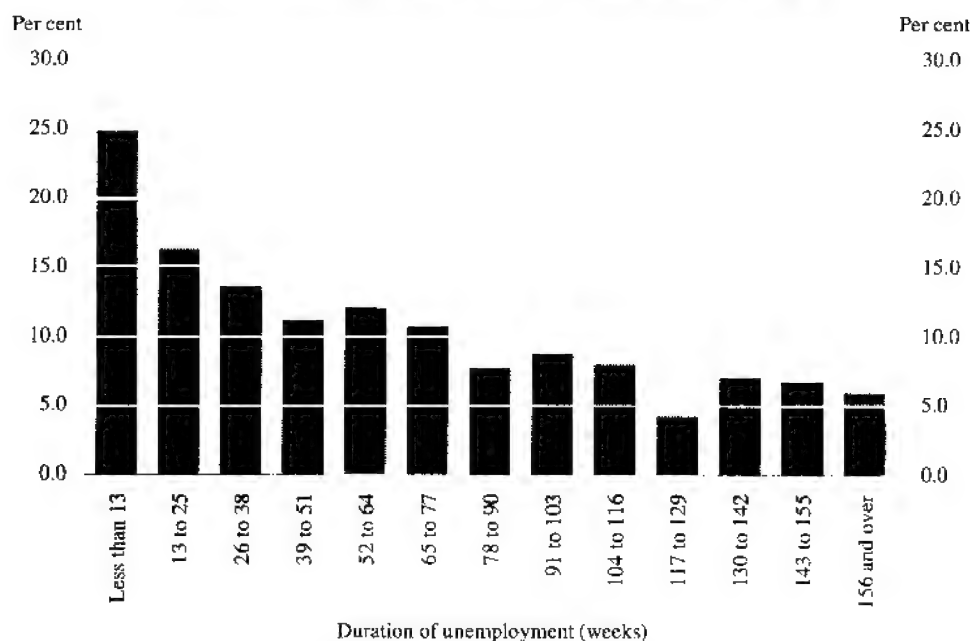
Exit to employment

The probability of finding employment for various groups of unemployed people provides some insight into how personal characteristics affect unemployment duration, and hence indicate the type of people most susceptible to the long-term unemployment trap. One method of deriving these probabilities (using gross flows data - see Technical Notes) is to use the proportion of unemployed people in a particular month who had found employment by the following month.

Employment probability and duration

The average monthly percentage of unemployed people gaining employment during the year ended June 1993 generally decreased as the duration of unemployment increased. This implies that the longer the period of time spent in unemployment, the lower a person's chance of gaining employment. The decreases in the percentage of unemployed people gaining employment were greater between the two shorter durations of unemployment, but these decreases tapered off between the longer durations of unemployment. Unemployed people with the shortest duration of unemployment of less than 13 weeks had more than four times the chance of gaining employment (24.9%) as unemployed people with the longest duration of unemployment of 156 weeks and over (6.0%).

FIGURE 4.4. PERCENTAGE OF UNEMPLOYED PERSONS GAINING EMPLOYMENT BETWEEN SUCCESSIVE MONTHS: DURATION OF UNEMPLOYMENT, ANNUAL AVERAGE, YEAR ENDED JUNE 1993

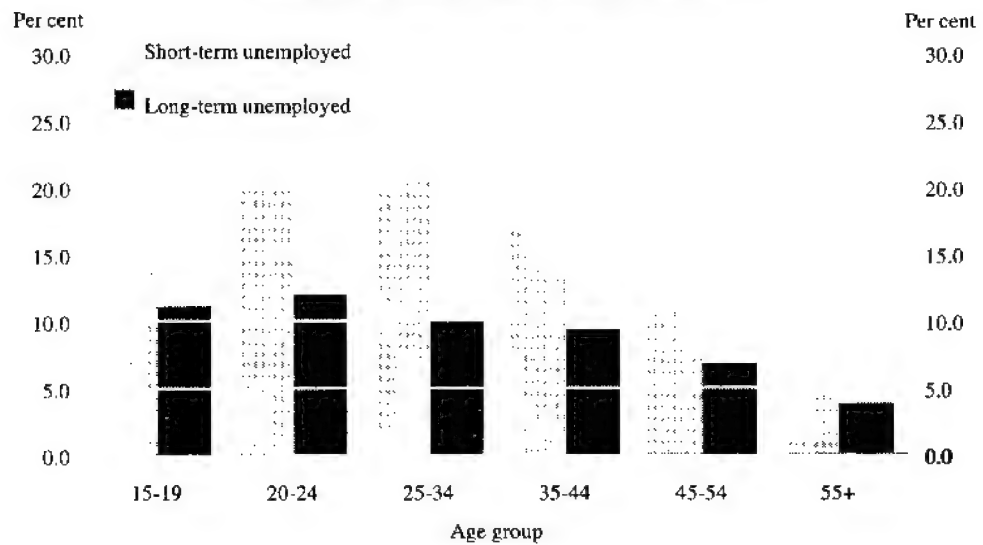


Source: Labour Force Survey

Employment probability and age

The long-term unemployed have significantly lower percentages gaining employment than the short-term unemployed, for both males and females across all age groups. The percentage of long-term unemployed males gaining employment generally decreased as age increased (*Figure 4.5*). In contrast, the percentages for short-term unemployed males were reasonably constant for those aged less than 55 years, but then decreased substantially for those aged 55 years and over.

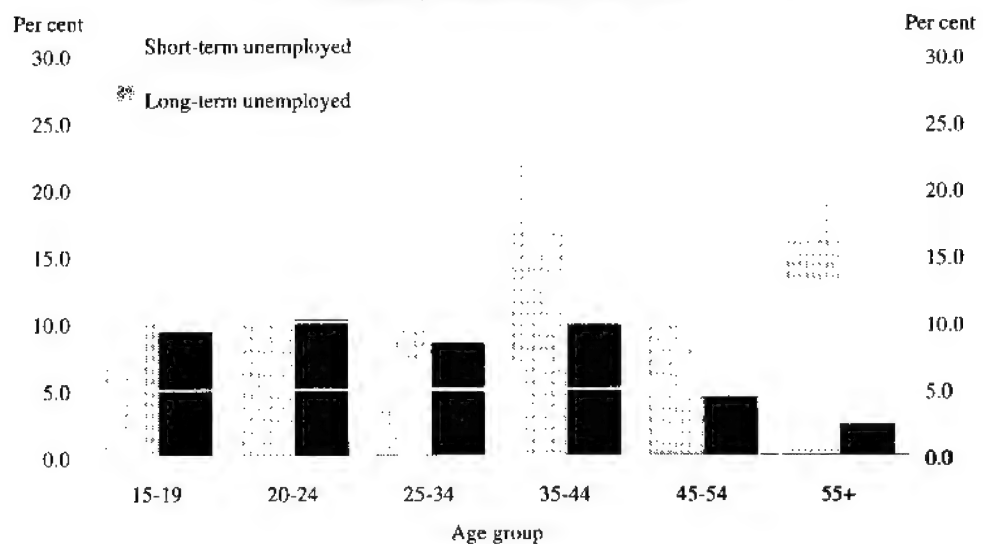
FIGURE 4.5. PERCENTAGE OF UNEMPLOYED MALES GAINING EMPLOYMENT BETWEEN SUCCESSIVE MONTHS: AGE, ANNUAL AVERAGE, YEAR ENDED JUNE 1993



Source: Labour Force Survey

While the percentages of short-term unemployed females gaining employment were reasonably constant across all age groups, the percentages for long-term unemployed females were reasonably constant for those aged less than 45 years, but then decreased substantially for those aged 45 years and over.

FIGURE 4.6. PERCENTAGE OF UNEMPLOYED FEMALES GAINING EMPLOYMENT BETWEEN SUCCESSIVE MONTHS: AGE, ANNUAL AVERAGE, YEAR ENDED JUNE 1993

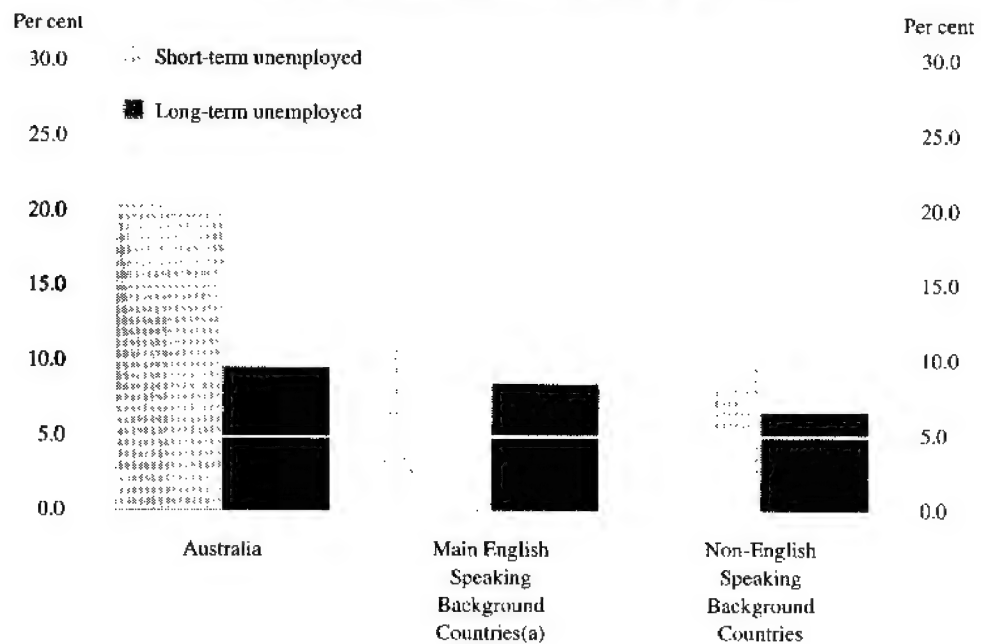


Source: Labour Force Survey

Employment probability and birthplace

Both the short-term and long-term unemployed migrants from Non-English Speaking Background Countries had lower percentages gaining employment than people born in Australia and migrants from Main English Speaking Background Countries. While migrants from Main English Speaking Background Countries had slightly higher percentages of short-term unemployed people gaining employment than people born in Australia, they had slightly lower percentages of long-term unemployed people gaining employment.

FIGURE 4.7. PERCENTAGE OF UNEMPLOYED PERSONS GAINING EMPLOYMENT BETWEEN SUCCESSIVE MONTHS: BIRTHPLACE, ANNUAL AVERAGE, YEAR ENDED JUNE 1993



(a) Comprises United Kingdom, Ireland, Canada, South Africa, USA and New Zealand.

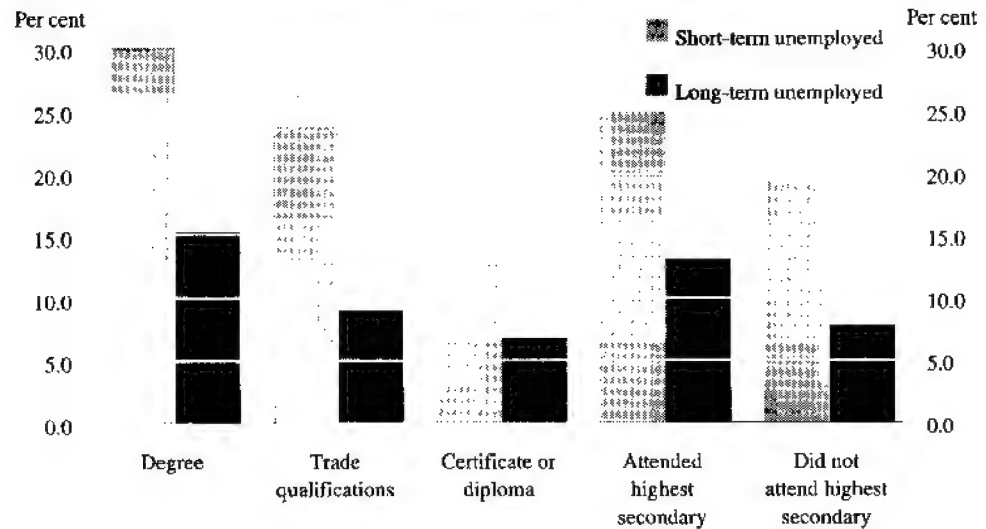
Source: Labour Force Survey

Employment probability and educational attainment

The chances of short-term unemployed migrants from Main English Speaking Background Countries gaining employment may be better than people born in Australia because they have higher levels of educational attainment. However, long-term unemployed migrants from Main English Speaking Background Countries, may have less chance of gaining employment because they are generally much older than people born in Australia, which may outweigh the usual advantage associated with having higher levels of educational attainment.

The percentage of short-term unemployed people gaining employment was much greater for people with post-school qualifications than for those without post-school qualifications. People with degrees had the highest percentage of short-term unemployed people gaining employment (35.7%), while people who did not attend the highest level of secondary school had the lowest (19.5%) (Figure 4.8).

FIGURE 4.8. PERCENTAGE OF UNEMPLOYED PERSONS GAINING EMPLOYMENT BETWEEN SUCCESSIVE MONTHS: EDUCATIONAL ATTAINMENT, FEBRUARY 1993 TO MARCH 1993



Source: Survey of Labour Force Status and Educational Attainment

Although there was little difference between the percentage of long-term unemployed people gaining employment for those with and without post-school qualifications, the chances of gaining employment varied substantially with the different levels of educational attainment. While people with degrees had the highest percentage of long-term unemployed gaining employment (15.3%), people with trade qualifications (9.0%) and certificates and diplomas (7.8%) had much lower percentages of gaining employment than those who only had attended the highest level of secondary school (13.1%).

This apparent anomaly is due in part to the concentration of unemployed people with trade qualifications, certificates or diplomas in older age groups, whereas those who have attended only the highest level of secondary school are concentrated in younger age groups.

5. INTERNATIONAL COMPARISONS

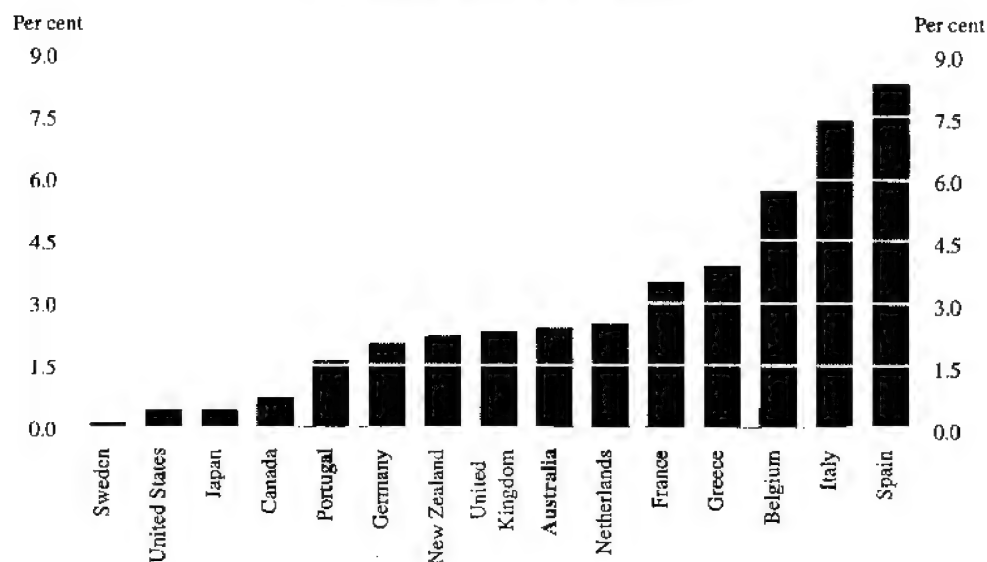
The problem of long-term unemployment has become a prominent feature of the Australian labour market. However, this situation is not unique to Australia. A comparison of Australia's long-term unemployment rate and incidence of long-term unemployment with other countries will help put Australia's position into perspective on an international scale.

Caution should be exercised when making international comparisons of the statistics of the long-term unemployed, due to the differences that exist in the long-term unemployed statistics produced by individual countries. These include differences in the methods used to obtain the statistics; differences in concepts, definitions, coverage, scope and reference periods of the statistics collected; institutional, political and social differences; differences in business cycles; and varying labour market and social conditions prevailing in individual countries. International differences in the unemployment benefits systems, in particular the level and duration of benefits, can partially explain the variation in the incidence of long-term unemployment between countries (OECD, 1993).

Country comparisons

There was substantial variation in both the long-term unemployment rate and incidence of long-term unemployment between individual OECD countries in 1991.

FIGURE 5.1. LONG-TERM UNEMPLOYMENT RATE:
SELECTED OECD COUNTRIES, 1991



Source: OECD Employment Outlook, July 1993

**TABLE 5.1. UNEMPLOYMENT AND LONG-TERM UNEMPLOYMENT RATES(a):
SELECTED OECD COUNTRIES, 1979 AND 1991
(per cent)**

<i>Selected OECD Countries</i>	<i>1979</i>			<i>1991</i>		
	<i>Unemployment rate</i>	<i>Long-term unemployment rate</i>	<i>Long-term unemployment incidence(b)</i>	<i>Unemployment rate</i>	<i>Long-term unemployment rate</i>	<i>Long-term unemployment incidence(b)</i>
Australia	6.2	1.1	18.1	9.6	2.4	24.9
Belgium	7.5	4.6	61.5	9.3	5.7	61.6
Canada	7.4	0.2	3.4	10.3	0.7	7.2
France	6.0	1.8	30.3	9.4	3.5	37.2
Germany	2.9	0.8	28.7	4.3	2.0	45.5
Greece	1.9	n.a.	n.a.	8.2	3.9	47.0
Italy	7.8	4.0	51.2	11.0	7.4	67.1
Japan	2.1	0.4	16.8	2.1	0.4	17.9
Netherlands	3.5	1.3	35.9	5.9	2.5	43.0
New Zealand	1.9	n.a.	n.a.	10.3	2.2	21.3
Portugal	8.2	n.a.	n.a.	4.1	1.6	38.3
Spain	8.6	2.6	29.5	16.3	8.3	51.1
Sweden	1.7	0.1	6.8	2.7	0.1	4.6
United Kingdom	4.5	1.3	29.5	8.3	2.3	28.1
United States	5.8	0.2	4.2	6.7	0.4	6.3

(a) Belgium, Greece, Italy and Portugal - persons aged 14 and over; Australia, Canada, France, Germany, Japan, Netherlands and New Zealand - persons aged 15 and over; Spain and United States - persons aged 16 and over; Sweden - persons aged 16 to 64; United Kingdom - males aged 16 to 69 and females aged 16 to 64. (b) The proportion of unemployed persons who are long-term unemployed.
n.a. - not available.

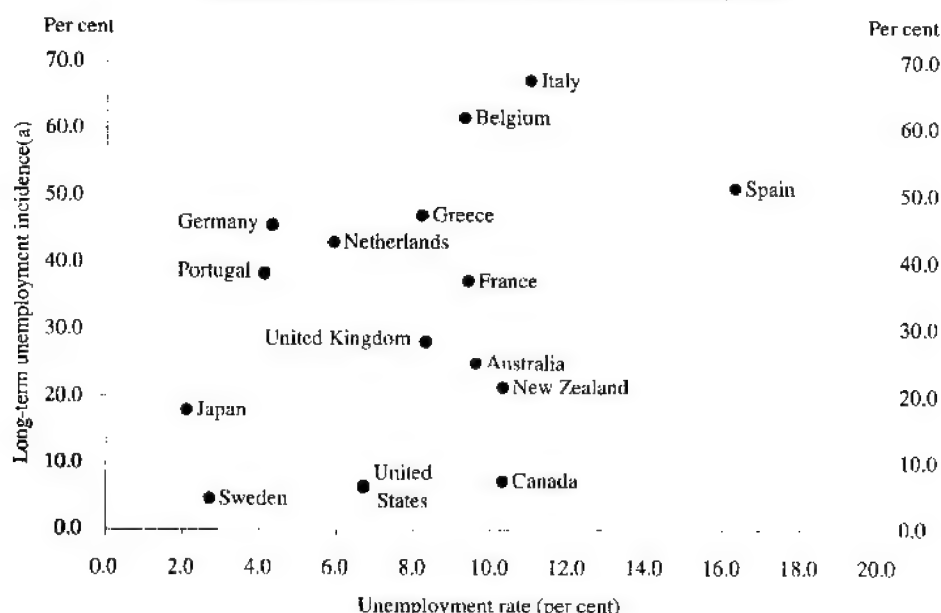
Source: *OECD Employment Outlook, July 1993*

In Sweden, the United States, Japan and Canada the long-term unemployment rate was less than one per cent. The incidence of long-term unemployment was also lowest in these four countries. In comparison, the long-term unemployment rate was greater than five per cent in Spain, Italy and Belgium. The incidence of long-term unemployment was also highest in these three countries, but was also high in most of the other European OECD countries.

Long-term unemployment changes 1979 to 1991

Australia's long-term unemployment rate (2.4%) and incidence of long-term unemployment (24.9%) fell between these extremes, and were comparable to those in New Zealand and the United Kingdom. Australia's position relative to other countries has not changed much since 1979, although both the long-term unemployment rate and incidence of long-term unemployment increased in most countries between 1979 and 1991.

FIGURE 5.2. UNEMPLOYMENT RATE AND INCIDENCE OF LONG-TERM UNEMPLOYMENT: SELECTED OECD COUNTRIES, 1991



(a) The proportion of unemployed persons who are long-term unemployed.

Source: OECD Employment Outlook, July 1993

Unemployment rates and incidence of long-term unemployment

In 1991 there was a tendency for countries with lower unemployment rates to have lower incidences of long-term unemployment, and for those countries with higher unemployment rates to have higher incidences of long-term unemployment. Sweden, which had a low unemployment rate (2.7%), also had a very low incidence of long-term unemployment (4.6%). In contrast, Spain, which had a high unemployment rate (16.3%), also had a relatively high incidence of long-term unemployment (51.1%).

However, there were several exceptions. Canada, which had a relatively high unemployment rate (10.3%), had an incidence of long-term unemployment (7.2%) which was much lower than other countries with similar unemployment rates, such as Belgium and Italy. On the other hand, Germany, which had a relatively low unemployment rate (4.3%), had an incidence of long-term unemployment (45.5%) which was much higher than other countries with similar unemployment rates, such as Japan and Sweden.

Australia had a relatively high unemployment rate (9.6%) in 1991, but its incidence of long-term unemployment (24.9%) was slightly lower than might be expected given this high unemployment rate. However, it should be noted that the incidence of long-term unemployment in Australia rose sharply from 24.9% in August 1991 to 34.6% in August 1992, and was 36.5% in August 1993.

TECHNICAL NOTES

Families

As part of the monthly Labour Force Survey procedures, family relationships are determined each month, enabling both the estimation of persons cross-classified by their family status and the estimation of families.

Because of coverage rules (which aim to ensure that each person is associated with only one dwelling and hence has only one chance of selection), persons who usually live with other members of their family may, at the time of the survey, be enumerated as not living with all the usual members of their family. This situation is more likely for persons who are enumerated as visitors to other private dwellings or as persons staying in non-private dwellings (hotels, hospitals, etc.). The determination of family structure and family characteristics in such cases is difficult. Thus for survey questions used to determine family relationships, scope is further restricted to usual residents of private dwellings and the following persons are excluded:

- (a) all persons enumerated in non-private dwellings (including hotels, motels, hospitals and other institutions); and
- (b) persons enumerated as visitors to (rather than usual residents of) private dwellings.

In addition, in those households where it was not possible to obtain information relating to all the usual residents, no family information is recorded. Thus persons living in households which include a member of the permanent defence forces, who is outside the scope of the survey, are excluded from survey questions used to determine family relationships because family information could not be obtained from each usual resident. Similarly, households which, at the time of the survey, have one or more of their usual residents away for more than six weeks, are excluded from the family survey. This also applies to households from which an incomplete or inadequate questionnaire is obtained for any usual resident in on scope and coverage. Generally, family status is determined for more than 90% of all civilians aged 15 and over.

Gross flows

The design of the monthly Labour Force Survey is such that each month approximately one-eighth of the sampled dwellings is replaced and hence seven-eighths of the sampled dwellings remain unchanged from one month to the next.

Because of the high proportion of private dwellings selected in one survey that remains in the sample for the following survey, it is possible to match the characteristics of most of the persons in those dwellings from one month to the next. This matching of persons across months enables estimates of flows between different labour market states to be produced. For example, of those persons unemployed in one month, some will remain unemployed, while others will gain employment or leave the labour force in the subsequent month.

From the estimates of flows, it is possible to calculate the percentage of individuals in a specific labour market state in one month who are in a particular labour market state in the following month. These percentages are sometimes called *transition probabilities*. They can provide, for individuals with selected characteristics, an indication of the likelihood of moving from one labour market state to another.

The procedures used to select persons in non-private dwellings precludes the possibility of matching any of them who may be included in successive surveys. For this and other reasons, including the mobility of the population and non-response in either or both surveys, about 10 per cent of persons in those dwellings which are included in the sample in successive months cannot be matched. Those who can be matched represent about 80 per cent of all persons in the survey.

While every effort is made to reduce non-sampling errors to a minimum any such errors affecting labour force status will tend to accumulate in the gross flow statistics rather than to cancel out. The estimates are also subject to sampling variability. Hence estimates of flows should be used with caution.

Reliability of estimates

Estimates in this publication are subject to two sources of error:

- (a) sampling error: since the estimates are based on information obtained from occupants of a sample of dwellings, they may differ from the figures that would have been produced if all dwellings had been included in the sample; and
- (b) non-sampling error: inaccuracies may occur because of imperfections in reporting by respondents and interviewers and errors made in coding and processing data. These inaccuracies may occur in any enumeration, whether it be a full count or a sample. Every effort is made to reduce the non-sampling error to a minimum by careful design of questionnaires, intensive training and supervision of interviewers and efficient operating procedures.

Shift-share analysis

The algebraic details of shift-share analysis are described in Karmel and Aungles (1993). When used to examine the effect of age on the incidence of long-term unemployment for each level of educational attainment, the decomposition into "share", "structure" and "aggregate" effects is based on the identity

$$I_i = \sum_j \left(\frac{U_{ij}}{U_i} \right) (I_{ij} - I_i) + \sum_j \left(\frac{U_{ij}}{U_i} \right) (I_j - I) + I$$

= share effect + structure effect + aggregate effect,

where U denotes the unemployment level; I denotes incidence of long-term unemployment; and subscripts i and j denote educational attainment and age groups respectively.

GLOSSARY

Actively looking for work	Includes writing, telephoning or applying in person to an employer for work; answering a newspaper advertisement for a job; checking factory or Commonwealth Employment Service (CES) noticeboards; being registered with the CES; checking or registering with any other employment agency; advertising or tendering for work; and contacting friends or relatives.
Average duration of unemployment	Average (mean) duration of unemployment measures the average length of the current spell of unemployment for all unemployed persons in a group. It is obtained by dividing the aggregate number of weeks a group has been unemployed by the number of persons in that group.
Birthplace	From April 1991, labour force birthplace data relate to the <i>Australian Standard Classification of Countries for Social Statistics (ASCCSS)</i> (Catalogue No. 1269.0). The ASCCSS was developed by the ABS for use whenever demographic, labour and social statistics are classified by countries.
Certificate or diploma	Completion of an approved certificate or diploma in secretarial or business studies, administration, teaching, nursing, etc.
Current job	The job in which the person worked in the week before the interview. Where the person worked in more than one job during this period, the main job, i.e. the job in which most hours were usually worked, was regarded as the current job.
Degree	A bachelor degree (including honours), a graduate or post-graduate diploma, masters degree or a doctorate.
Dependants	All family members under 15 years of age; and all those family members aged 15 to 19 attending school or aged 15 to 24 attending a tertiary institution full time, except those classified as husbands, wives, sole parents or other family heads.
Duration dependence	Refers to the lower escape rate from unemployment associated with increasing duration of unemployment.
Duration of unemployment	The period from the time the person began looking for work or was stood down, to the end of the reference week. It measures current (and continuing) periods of unemployment rather than completed spells. For persons who may have begun looking for work while still employed, the duration of current period of unemployment is defined as the period from the time the person last worked full time for two weeks or more up to the end of the reference week.
Educational attainment	Measures the highest qualification obtained by the respondent. Qualifications may include those obtained at other than educational institutions (e.g. nursing qualifications obtained at a hospital).

Educational institution

Any institution whose primary role is education. Included are schools, higher education establishments, colleges of technical and further education, public and private colleges, etc. Excluded are institutions whose primary role is not education, for example hospitals.

Employed

Persons aged 15 and over who, during the reference week:

- (a) worked for one hour or more for pay, profit, commission or payment in kind in a job or business, or on a farm (comprising employees, employers and self-employed persons); or
- (b) worked for one hour or more without pay in a family business or on a farm (i.e. unpaid family helpers); or
- (c) were employees who had a job but were: on paid leave; on leave without pay for less than four weeks up to the end of the reference week; stood down without pay because of bad weather or plant breakdown at their place of employment for less than four weeks up to the end of the reference week; on strike or locked out; on workers' compensation and expected to be returning to their job; or receiving wages or salary while undertaking full-time study; or
- (d) were employers, self-employed persons or unpaid family helpers who had a job, business or farm, but were not at work.

Family

Two or more related persons (*relationship* includes relationship by blood, marriage or adoption) usually resident in the same household at the time of the survey. A family comprises a married couple or a family head as defined, together with any persons having any of the following relationships to them:

- (a) sons or daughters of any age, if not married and with no children of their own present;
- (b) other relatives if not accompanied by a spouse, sons or daughters, or parents of their own; or
- (c) any children under 15 years of age who do not have a parent present.

Family head

Any person without a spouse present, but with a son or daughter aged under 15 present; or persons without a spouse present, without a son or daughter aged under 15 present, but with a son or daughter aged 15 and over present, provided that the son or daughter has no spouse, son or daughter of his/her own present. If a family has no person falling into either of these categories, the family head is generally defined to be the eldest person in the family. No family head is defined for a married couple family.

Former workers	Unemployed persons who have previously worked full time for two weeks or more, but not in the past two years.
Full-time workers	Employed persons who usually worked 35 hours or more a week (in all jobs) and others who, although usually working less than 35 hours a week, worked 35 hours or more during the reference week.
Highest level of secondary school available	The highest level of secondary schooling (or equivalent) offered by the education system at the time the respondent left school.
Household	A group of one or more persons in a private dwelling who consider themselves to be separate from other persons (if any) in the dwelling, and who make regular provisions to take meals separately from other persons, i.e. at different times or in different rooms. Lodgers who receive accommodation but not meals are treated as separate households. Boarders who receive both accommodation and meals are not treated as separate households. A household may consist of any number of families and non-family members.
Incidence of long-term unemployment	For any group, the proportion of the total number of unemployed persons who are long-term unemployed.
Industry	Classified according to the <i>Australian Standard Industrial Classification (ASIC) 1983</i> (Catalogue Nos 1201.0 and 1202.0).
Inflow	See <i>Unemployment inflow</i> .
Job leavers	Persons who ceased their last job voluntarily, that is, because of unsatisfactory work arrangements/pay/hours; the job was seasonal, temporary or a holiday job and they left that job to return to studies; they retired, started a new business, got a better job, left for family or other reasons; or they changed locality but not employer/business for employment, personal or other reasons.
Job losers	Persons who ceased their last job involuntarily, that is, they were retrenched or their business closed down because of financial difficulties; their job was temporary or seasonal and they did not leave that job to return to studies; or they left that job because of their own ill-health or injury.
Labour force	All persons who, during the reference week, were employed or unemployed.
Labour force participation rate	The labour force in any group expressed as a percentage of the civilian population aged 15 years and over in the same group.

Labour force status	A classification of the civilian population aged 15 and over into employed, unemployed or not in the labour force, as defined. The definitions conform closely to the international standard definitions adopted by the International Conferences of Labour Statisticians.
Last job	The last job in which employment was ceased during the reference period (52 weeks up to the end of the week prior to interview).
Living alone	A person who is the sole member of a household.
Long-term unemployed	Unemployed persons who have been unemployed continuously for a period of 52 weeks or more.
Long-term unemployment rate	In any group, the number of long-term unemployed persons expressed as a percentage of the labour force in the same group.
Main English Speaking Background Countries	Comprises the United Kingdom, Ireland, Canada, South Africa, the United States of America and New Zealand.
Marital status	Persons are classified as married (husband and wife) if they are reported as being married (including de facto) and their spouse was a usual resident of the household at the time of the survey. The not-married category comprises persons who have never married, or are separated, widowed or divorced, as well as those who, although reported as being married, did not have a spouse who usually lived in the household.
Married-couple families	Families in which there are two married persons and these persons are husband and wife. See <i>Marital status</i> .
Migrant	A person who was not born in Australia and who was a permanent resident of Australia at the time of the survey.
Not a member of a family	A person who is not related to any other member of the household in which they are living. See <i>Family</i> .
Not in the labour force	Persons who were not in the categories employed or unemployed, as defined. They include persons who were keeping house (unpaid), retired, voluntarily inactive, permanently unable to work, persons in institutions (hospitals, gaols, sanatoriums, etc.), trainee teachers, members of contemplative religious orders, and persons whose only activity during the reference week was jury service or unpaid voluntary work for a charitable organisation.
Occupation	Classified according to the <i>Australian Standard Classification of Occupations (ASCO) 1986</i> (Catalogue No. 1222.0).
One parent family	A family in which there is a family head together with at least one dependent son or daughter of his/her own.

Other educational institution	Includes business, commercial, secretarial colleges; religious and overseas institutions; and instances where insufficient information was available to determine the type of educational institution.
Other family member	Comprises all family members aged 15 and over other than husbands, wives and sole parents.
Other post-school qualifications	Completion of other types of education, e.g. adult education, preparatory/bridging course or non-vocational course.
Outflow	See <i>Unemployment outflow</i> .
Partner	Husband or wife of a married couple.
Part-time workers	Employed persons who usually worked less than 35 hours a week and who did so during the reference week.
Participation rate	See <i>Labour force participation rate</i> .
Post-school qualifications	Qualifications held by those persons who had left school and answer "Yes" to the question: "Since leaving school have you obtained a trade qualification, certificate, diploma, degree or any other qualification?". Respondents indicated which of the following groups best described their highest qualification: Degree; Trade qualification; Certificate or diploma; or Other post-school qualification.
Previously married	Sole parents are classified as previously married if they are reported as being separated, widowed or divorced.
Re-entrants	Persons who were working or looking for work in the reference week (i.e. week before the interview), had a period not in the labour force of at least twelve months duration that finished within the last twelve months, and had worked continuously for a period of twelve months or more at some earlier time.
Retrenchment rate	The number of persons retrenched from an industry or occupation in a given period as a percentage of the number of persons employed in the corresponding industry or occupation at the beginning of that period.
Shift-share analysis	(i.e. decomposition) See Technical Notes, page 58.
Short-term unemployment	Persons unemployed for less than 52 weeks.
Sole parent	The head of a one-parent family.
Still at school	Current school attendance was recorded only for persons aged 15 to 20 years.
Tertiary institution	Any educational institution offering post-school courses.

Trade qualification	Completion of an approved trade/technical apprenticeship in fitting and turning, hairdressing, plumbing, carpentry, etc.
Trend series	A smoothed seasonally adjusted time series of estimates.
Unemployed	<p>Persons aged 15 and over who were not employed during the reference week, and;</p> <ul style="list-style-type: none"> (a) had actively looked for full-time or part-time work at any time in the four weeks up to the end of the reference week; and <ul style="list-style-type: none"> (i) were available for work in the reference week, or would have been available except for temporary illness (i.e. lasting less than four weeks to the end of the reference week if the job had been available then); or (ii) were waiting to start a new job within four weeks from the end of the reference week and would have started in the reference week if the job had been available then; or (b) were waiting to be called back to a full-time or part-time job from which they had been stood down without pay for less than four weeks up to the end of the reference week (including the whole of the reference week) for reasons other than bad weather or plant breakdown.
Unemployment rate	In any group, the number of unemployed persons expressed as a percentage of the labour force in the same group.
Unemployment inflow	The number of new entrants to unemployment in a specified period.
Unemployment outflow	The number of persons leaving unemployment in a specified period.
Young dependants	Children aged 0 to 4 years.

BIBLIOGRAPHY

ABS Sources

Labour Force Status and Educational Attainment, Australia, (Catalogue No. 6235.0)

Labour Force Status and Other Characteristics of Families, Australia, (Catalogue No. 6224.0)

Labour Mobility, Australia, (Catalogue No. 6209.0)

Persons Who Had Re-entered the Labour Force, Australia, (Catalogue No. 6264.0)

Successful and Unsuccessful Job Search Experience, Australia, (Catalogue No. 6245.0)

The Labour Force, Australia, (Catalogue No. 6203.0)

Other Sources

Cass, B. 1988, *Income Support for the Unemployed in Australia: Towards a More Active System*, Social Security Review, Canberra, Issues Paper No. 4

Chapman, B.J. 1993, 'Long-Term Unemployment: The Dimensions of the Problem', *The Australian Economic Review*, Melbourne, Second Quarter 1993.

Chapman, B.J. & Smith, P.N. 1993, *Predicting the Long-term Unemployed: A Primer for the Commonwealth Employment Service*, Australian National University Centre for Economic Policy Research, Canberra, Discussion Paper No. 285.

Committee on Employment Opportunities 1993, *Restoring Full Employment: A Discussion Paper*, Canberra.

Department of Immigration, Local Government and Ethnic Affairs 1992, *Review '92: Annual Report 1991-92*.

Inglis, P.A. & Volker, P.A. 1985, 'Unemployment in Australia - an Overview of Some Issues', *The Structure and Duration of Unemployment - Precedings of a Conference*, Bureau of Labour Market Research, Canberra.

Iredale, R. and D'Arcy, B. 1992, *The Continuing Struggle: Refugees in the Australian Labour Market*, Bureau of Immigration Research.

Junankar, P.N. & Kapuscinski, C.A. 1991 *The Incidence of Long-term Unemployment in Australia*, Australian National University Centre for Economic Policy Research, Canberra, Discussion Paper No. 249.

Junankar, P.N. & Kapuscinski C.A. 1992, *The Cost of Unemployment in Australia*, Economic Planning Advisory Council, Canberra, Background Paper No. 24.

Karmel, T. & Aungles, P. 1993, *Jobs in the Upturn: The Implications of Structural Change for Programs to Assist the Unemployed*, Department of Employment, Education and Training, Canberra, Discussion Paper 2/93.

Layard, R., Nickell, S. & Jackman, R. 1991, *Unemployment: Macroeconomic Performance and the Labour Market*, Oxford University Press, Oxford (England).

McClelland, A. 1993, 'Long-Term Unemployment: Costs and Responses', *The Australian Economic Review*, Melbourne, Second Quarter 1993.

OECD (Organisation for Economic Co-operation and Development), *OECD Employment Outlook*, Various issues

Stromback, T. & Williams, L.S. 1986, *Aspects of the Unemployment and Earnings Experiences of Migrants: The Results of a Bureau of Labour Market Research Analysis*, Australian Population Association Conference, (3rd : 1986 : Adelaide, S.A).

Wooden, M. 1990, *Migrant Labour Market Status*, Bureau of Immigration Research, Canberra.

Young, C. 1990, *Balancing Families and Work: A demographic study of women's labour force participation*, Department of Employment, Education, and Training, Canberra.



For more information ...

The ABS publishes a wide range of statistics and other information on Australia's economic and social conditions. Details of what is available in various publications and other products can be found in the *ABS Catalogue of Publications and Products* available at all ABS Offices (see below for contact details).

Information Consultancy Service

Information tailored to special needs of clients can be obtained from the Information Consultancy Service available at ABS Offices (see Information Inquiries below for contact details).

National Dial-a-Statistic Line

0055 86 400

(Steadycom P/L: premium rate 25c/21.4 secs.)

This number gives 24-hour access, 365 days a year for a range of statistics.

Electronic Data Services

Selections of most frequently requested statistics are available, updated daily, on DISCOVERY (Key *656#). For more details on electronic data services available, contact Information Services in any of the ABS Offices (see Information Inquiries below for contact details).

Bookshops and Subscriptions

There are over 500 titles of various publications available from ABS bookshops in all ABS Offices (see below Bookshop Sales for contact details). The ABS also provides a subscription service through which nominated publications are provided by mail on a regular basis at no additional cost (telephone Publications Subscription Service toll free on 008 02 0608 Australia wide).

Sales and Inquiries

Regional Offices	Information Inquiries	Bookshop Sales
SYDNEY (02)	268 4611	268 4620
MELBOURNE (03)	615 7000	615 7829
BRISBANE (07)	222 6351	222 6350
PERTH (09)	323 5140	323 5307
ADELAIDE (08)	237 7100	237 7582
HOBART (002)	20 5800	20 5800
CANBERRA (06)	207 0315	207 0315
DARWIN (089)	43 2111	43 2111
National Office		
ACT (06)	252 6007	008 020 608

ABS Email Addresses

Keylink	STAT.INFO/ABS
X.400	(C:AU,A:TELMEMO,O:ABS,SN:INFO,FN:STAT)
Internet	STAT.INFO@ABS. TELEMEMO.AU





2625500012940
ISBN 0 642 18397 X